INTERNATIONAL HANDBOOK OF RESEARCH ON
INDIGENOUS ENTREPRENEURSHIP

– traditional indigenous knowledge from Alaska
International Handbook of Research on Indigenous Entrepreneurship

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Foreword

After a century dominated by large-scale enterprises, there has been a resurgence of academic and political interest in entrepreneurship and its potential to contribute to economic growth and development. During the twentieth century, corporations exploited economies of scale and Fordist production methods to become the pre-eminent organisational form in the developed world. The rise of large-scale industrial enterprises characterised capitalist and central-planned economies alike. By 2000, half of the biggest 100 economic ‘entities’, ranked by value-added or gross domestic product, were multinational corporations rather than countries; and at the time of the collapse of the Soviet Union in 1991, each of 6000 basic commodities was produced in only one factory, with these highly-specialised state enterprises employing tens of thousands of workers and often constituting towns in their own rights.

As the twentieth century drew to a close, a combination of factors, notably deindustrialisation, the failure of state corporatism and the migration of manufacturing to low-wage developing countries, sparked renewed interest within developed countries in the economic importance of small and medium-sized enterprises (SMEs) in general, and the contribution of business start-ups and entrepreneurship to wealth and job creation. Within the European Union, for example, governments have heavily invested public funds in new initiatives to promote and nurture new, high-growth businesses.

It has long been recognised that cultural attitudes toward entrepreneurship vary considerably, even within developed economics that share basic belief systems. For example, it is widely acknowledged that, in the United States, generations of economic migrants seeking a better life have created a culture which is more fertile and nurturing to entrepreneurs than those of the countries the migrants left behind – notably, Europe and, more recently, East Asia and Latin America.

Much less is known about cultural attitudes towards entrepreneurship amongst the world’s indigenous peoples, whose beliefs and values long predate current western economic orthodoxy. This book sets out to fill an important gap in our knowledge, drawing on an interdisciplinary understanding of the way that indigenous societies are ordered to provide insights into cultural perceptions of entrepreneurship, economic activity, risk and opportunity. The book draws together research from leading authorities on entrepreneurship, providing a comprehensive and fascinating range of case studies of indigenous peoples from across Africa, Asia, Europe, the Americas and the South Pacific.

It is particularly pleasing that a book which throws such important new light on indigenous entrepreneurship should have been edited by a colleague at the University of Canterbury in New Zealand. Under the Treaty of Waitangi, the university works closely with Ngai Tahu, the Maori tribe (iwi) within whose tribal lands (takiwa) the campus and the city of Christchurch are located. As discussed by Charlotte Paulin in Chapter 43, Ngai Tahu is widely regarded as a ‘New Zealand success story’ for the way in which it has managed the iwi’s natural assets and seized opportunities to develop innovative, environmentally sustainable new businesses. The case studies of Ngai Tahu specifically, and
Maori in general, make a valuable contribution to this wide-ranging, global analysis of indigenous entrepreneurship.

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PART I

INDIGENOUS ENTREPRENEURSHIP: HISTORY, CULTURE, VALUES AND OBJECTIVES
1 Toward a multidisciplinary definition of indigenous entrepreneurship

Léo-Paul Dana

Discussing the multidisciplinary nature of entrepreneurship, Landström wrote, ‘there is a risk that it is becoming more difficult to form an overall picture of the field, which means that researchers in one discipline tend to ignore studies in other disciplines. As a result, dialogue between researchers is made more difficult, and the accumulation of knowledge in the field is inhibited’ (1999, p. 15). The objective of this book is to bring together great minds from different disciplines, to further the understanding of indigenous entrepreneurship.

The aristocrat industrialist Jean Baptiste Say defined the entrepreneur as the individual who ‘unites all means of production and who finds in the value of the products . . . the re-establishment of the entire capital he employs, and the value of the wages, the interest, and the rent which he pays, as well as the profits belonging to himself’ (1816, pp. 28–9).

Mill (1848), considered entrepreneurship to be direction, supervision, control and risk taking, with risk being the main distinguishing feature between the manager and the owner–manager. Later, Schumpeter (1928, 1934) focused on the instability of capitalism and on the entrepreneur’s function as an innovator, ‘The carrying out of new combinations we call “enterprise”; the individuals whose function it is to carry them out we call “entrepreneurs”’ (Schumpeter, 1934, p. 74). Fraser (1937) associated entrepreneurs with the management of a business unit, profit taking, business innovation and risk bearing; risk was also central to Oxenfeldt (1943) and to Cole (1959). Other definitions emphasise other characteristics. As summed up by Cochran, ‘There are some unresolved differences in the definitions of entrepreneurship, but there is agreement that the term includes at least a part of the administrative function of making decisions for the conduct of some type of organization’ (1968, p. 87).

Mainstream interpretations, such as those set out above, often have implicit assumptions. A problem is that the culture of indigenous people is often incompatible with the basic assumptions of mainstream theories. I like Casson’s definition, ‘an entrepreneur is someone who specializes in taking judgemental decisions about the coordination of scarce resources’ (1982, p. 1). I recognise, nevertheless, that what is perceived as a resource by one person may not be viewed as a resource by an individual from another culture. The same is true of opportunity, as I discovered from an empirical study in Alaska: ‘differences between ethnocultural groups suggest that opportunity identification and/or response to opportunity is culture-bound. The above is significant because it suggests that entrepreneurship should not be defined on the basis of opportunity, but rather cultural perception of opportunity’ (Dana, 1995, p. 67).

Entrepreneurship is not about objective monetary considerations in isolation; Penrose noted the importance of non-monetary considerations: ‘The fact that businessmen, though interested in profits, have a variety of other ambitions as well, some of which seem
to influence (or distort) their judgment about the “best” way of making money, has often been discussed primarily in connection with the controversial subject of “profit maximization” (1959, p. 39). People’s ends are, as noted by Cochran, ‘overwhelmingly cultural’ (1960, p. 515). Value is a function of perceived need, and this is a function of cultural values, as acquired from the nuclear family, the extended family and society.

Much has to do with attitudes and perceptions that are culturally coloured (Dana, 1995). Scase and Goffee (1987) wrote about entrepreneurs in mainstream society: ‘They are seen as risk-takers and innovators who reject the relative security of employment in large organisations to create wealth and accumulate capital’ (1987, p. 1). An empirical study comparing indigenous and non-indigenous entrepreneurs in the Canadian sub-Arctic revealed that indigenous respondents associate different dimensions with entrepreneurship and risk than do outsiders (Dana, 1996); a frequent response from indigenous respondents was that self-employment was chosen as a means to avoid the risk inherent in corporate life: ‘I am my own business, so there is no risk’ (Dana, 1996, p. 74).

The present publication presents a useful collection of studies about entrepreneurship amongst indigenous peoples. To define entrepreneurship, I use the very comprehensive definition adopted by the Global Entrepreneurship Monitor, that is, any type of entrepreneurial initiative, including self-employment. Indigenous nations are people whose ancestors were living in an area prior to colonisation, or within a nation-state, prior to the formation of a nation-state, and so I broadly define indigenous entrepreneurship as ‘self-employment based on indigenous knowledge’ (Dana, 2005, p. v).

There are also more specific definitions, for example that from Foley:

The indigenous Australian entrepreneur alters traditional patterns of behaviour, by utilising their resources in the pursuit of self-determination and economic sustainability via their entry into self-employment, forcing social change in the pursuit of opportunity beyond the cultural norms of their initial economic resources. (2000, p. 11)

More recently, Hindle and Lansdowne provided a more detailed definition:

Indigenous entrepreneurship is the creation, management and development of new ventures by Indigenous people for the benefit of Indigenous people. The organizations thus created can pertain to either the private, public or non-profit sectors. The desired and achieved benefits of venturing can range from the narrow view of economic profit for a single individual to the broad view of multiple, social and economic advantages for entire communities. Outcomes and entitlements derived from Indigenous entrepreneurship may extend to enterprise partners and stakeholders who may be non-Indigenous. (2002, p. 2)

As the following chapters will show, the study of indigenous entrepreneurship is not only fascinating, but also useful. Morgan (1991) suggested that, had their enterprises not been sustainable, they would not have survived since time immemorial. As stated by McGregor, ‘Indeed, it has been recognized that indigenous people have developed a knowledge base that ensured survival in particular environments for countless generations’ (2004, pp. 389–90).

Research on indigenous entrepreneurship is timely, given the recent surge in interest in the subject. Just a few years ago, Dybbroe wrote, ‘Indigenous knowledge as a field of study in its own right has attained wide currency over the last ten or more years’ (1999, p. 15). She continued with a definition, ‘Indigenous knowledge is defined as being founded in a
practical and spiritual relationship with the environment which is the result of aboriginal peoples' adaptation to the land through countless generations' (1999, p. 16). I would like to add that it includes traditional ecological knowledge. While Berkes defined traditional ecological knowledge as ‘knowledge, practice and belief, evolving by adaptive processes and handed down through generations by cultural transmission, about the relationship of living things (including humans) with one another and with their environment’ (1999, p. 8), McGregor pointed out that aboriginal views of traditional ecological knowledge (TEK) ‘are action oriented. One does TEK; it is not limited to a body of knowledge’ (2004, p. 394). Battiste and Henderson (2000) suggested, ‘Indigenous knowledge is the way of living within contexts of flux, paradox, and tension, respecting the pull of dualism and reconciling opposing forces’ (2000, p. 42).

I agree with McGregor that indigenous knowledge ‘is still highly relevant not just to indigenous peoples but to larger society as well. Principles and values such as respect, coexistence, cooperation, honour, thanksgiving, reciprocity, balance and harmony, and recognition of relationships among all of Creation are still very relevant and needed in contemporary times’ (2004, p. 389). The chapters that follow have been selected to spread indigenous knowledge.

This book is presented in seven parts. The first deals with history, culture, values and objectives. Professor Kevin Hindle will define key terms, review the literature, examine the field and develop a paradigm, leading to a discussion of future research.

Part II is about indigenous entrepreneurship in Africa, while Part III focuses on Asia and Part IV on Europe. Part V spans the Americas, and Part VI the South Pacific. After this world tour, a theory of indigenous entrepreneurship will be compiled from the empirical findings of the various chapters.

Why do people from different cultures react in unlike ways, even when exposed to similar stimuli? It appears that what is an opportunity for some people is less so for others with a different set of values. The following conclusions may be derived from the combined findings of the contributors to this book.

There is rich heterogeneity among indigenous peoples, and some of their cultural values are often incompatible with the basic assumptions of mainstream theories. Indigenous entrepreneurship often has non-economic explanatory variables. Some indigenous communities’ economies display elements of egalitarianism, sharing and communal activity. Indigenous entrepreneurship is usually environmentally sustainable. Indigenous people often rely on immediately available resources, and work in indigenous communities is often irregular.

Social organisation among indigenous peoples is often based on kinship ties, not necessarily created in response to market needs. Much entrepreneurial activity among indigenous people involves internal economic activity with no transaction, while transactions often take place in the bazaar and in the informal sector, where enterprises often have limited inventory.

The perception of opportunity is culturally influenced, as is the measurement of success. I propose that opportunity recognition is therefore culturally determined; however, culturally determined opportunities for entrepreneurship are often disrupted by entities external to indigenous people. Indigenous people are sometimes pulled to traditional forms of self-employment but pushed to other money-earning activity, out of economic need.
Before embarking on this world tour of indigenous entrepreneurship, allow me to share with you the following prayer that I learned when I lived among the Indigenous First Nations of Canada:

Oh Great Spirit of the East, the land of the rising sun, who hold in your right hand the years of our lives and in your left, the opportunities of each day, keep us from neglecting these gifts in our daily lives.

Oh Great Spirit of the North, who gives wings to the water, the air, who covers the earth with a sparkling crystal carpet, above whose deep tranquillity every sound is beautiful, help us to be thankful.

Oh Great Spirit of the South, whose warm breath of compassion melts the ice, whose fragrance speaks of distant spring and summer days, teach us that he who is truly strong is also kind; he who is wise tempers justice with mercy; and he who is truly brave matches courage with compassion.

Oh Great Spirit of the West, the land of the setting sun, with your soaring mountains and wide, free rolling prairies, teach us that the end is better than the beginning and bless us with the knowledge and freedom which follows the well-disciplined life.

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Schumpeter, Joseph Alois (1934), The Theory of Economic Development: An Inquiry into Profits, Capital,  
Press.
Introduction
This chapter reports a quest to articulate a globally relevant research paradigm of Indigenous entrepreneurship. In this field, there is an expanding volume of activity in at least five areas: journalistic investigation (we have assembled a database of over 800 non-refereed periodical articles on American Indian entrepreneurship alone); government policy and programme creation; attention from the established business community (Allen Consulting, 2001); academic investigation (Anderson, 2002) and, most importantly, by Indigenous communities and leaders (Daly, 1994; Hunter, 1999; Pearson, 1999; Trudgen, 2001). The absence of an explicit, globally relevant, research paradigm prevents the achievement of both cumulative effects accruing to research efforts and useful comparison between various policy and programme initiatives. We can no longer avoid the fundamental, research paradigm questions. What are the boundaries of this field? What should be studied within it?

In all nations with significant Indigenous minorities, the economic and social deprivation of Indigenous peoples has long been of deep policy concern, but both debate and administration of the issues (particularly the welfare issue) have not been in Indigenous control. Whether the intentions of non-Indigenous governance and aid agencies have been malicious or benign, the result of taking responsibility out of Indigenous hands has resulted in a handout culture (Pearson, 1999). Stimulation of Indigenous entrepreneurship has the potential to repair much of the damage through creation of an enterprise culture, which fully respects Indigenous traditions but empowers Indigenous people as economic agents in a globally competitive modern world. Indigenous entrepreneurship research should and will quickly emerge as one of the most important fields within the discipline of entrepreneurship. However it is a frontier area that badly needs a map.

Definition of key terms
A nation is a cultural territory made up of communities of individuals who see themselves as ‘one people’ on the basis of common ancestry, history, society, institutions, ideology, language, territory, and often, religion. A person is born into a specific nation.

A state is a centralized political system within international legal boundaries recognized by other states. Further, it uses a civilian–military bureaucracy to establish one government and to enforce one set of institutions and laws. It typically has one language, one economy, one claim over all resources, one currency, one flag, and sometimes one religion. (Neitschmann, 1994: 226)

*Indigenous people* The convention observed in this chapter is to use a capital ‘I’ for every use of the word ‘Indigenous’. Australia has two groups of Indigenous people: Aboriginals and Torres Strait Islanders. The basis of classification was given in a High
Court judgment in the case of *Commonwealth v. Tasmania* (1983) 46 ALR 625. An Aboriginal or Torres Strait Islander is a person of Aboriginal or Torres Strait Islander descent who identifies as an Aboriginal or Torres Strait Islander and is accepted as such by the community in which he or she lives. Essentially, various United States agencies also use self-identification to determine Indigenous status for members of the 500 Indian nations.

[We define] Indigenous entrepreneurship as the creation, management and development of new ventures by Indigenous people for the benefit of Indigenous people. The organizations thus created can pertain to either the private, public or non-profit sectors. The desired and achieved benefits of venturing can range from the narrow view of economic profit for a single individual to the broad view of multiple, social and economic advantages for entire communities. Outcomes and entitlements derived from Indigenous entrepreneurship may extend to enterprise partners and stakeholders who may be non-Indigenous.

A paradigm is made up of the general theoretical assumptions and laws and techniques for their application that members of a particular scientific community adopt. (Chalmers, 1984: 90)

A research paradigm provides a template against which any study purporting to belong to a field may be assessed and, with reference to which, productive comparisons between studies may be made. (Hindle, 2002)

**Dominant themes from a diverse literature**

Canada may justifiably be acclaimed as the world’s most advanced state in policy making, enterprise development and research in the field of Indigenous entrepreneurship. Canada pioneered the granting of high levels of governmental autonomy to Indigenous nations within the borders of a mainstream state. The First Nations Advantage Credit Union is a world leader (Allen Consulting, 2001; Guly, 1998). The world’s first PhD in the field was completed by a Canadian, Léo-Paul Dana. Subsequent publication of aspects of the thesis in a major journal (Dana, 1995) was instrumental in alerting the mainstream of entrepreneurship researchers to the possible existence of a new and important field.

Canadian publishing house Coptus Press has the world’s most extensive specialist catalogue of works specifically dedicated to Indigenous entrepreneurship. Canada houses the journal currently most relevant to the field, the *Journal of Aboriginal Economic Development*.

Globally, much interesting work is emerging. An initial search driven by obvious key words revealed 31 studies, which might qualify as refereed research containing a significant emphasis on Indigenous entrepreneurship. The growing volume of what might be classified as ‘Indigenous entrepreneurship literature’ is not yet matched by any strongly emergent structure in that literature. Studies did not build on one another or refer to one another. Most studies seemingly ‘start from scratch’. However, two related themes are strongly evident in the literature.

1. **Reconciling tradition with innovation.** Modern entrepreneurship is focused upon the commercialization of innovation. A prime motive in all Indigenous nations’ desires for self-determination is preservation of heritage. The superficial temptation is to classify the Indigenous heritage orientation as ‘looking back’ and contrast it with the mainstream entrepreneurship ethic of ‘looking forward’. This is a false dichotomy but a real impediment to creating well-grounded study and execution of Indigenous
enterprise. The challenge is to understand the dynamic potential inherent in heritage, not simply regard it as a roadblock to future-oriented commercial development.

2. **The importance of understanding non-mainstream world views and values.** We will address the world view and values issues in greater detail in subsequent sections of the chapter.

**Relevant theoretical contexts**

As a predicate to empirical research design, we drew insight from four theoretical domains: fourth world theory, Whetten’s hybrid theory, value theory and the Global Entrepreneurship Monitor (GEM) model.

Fourth world theory (Neitschmann, 1994; Seton, 1999) focuses on the formidable challenge that the durable but depressed existence of Indigenous nations poses to a world where thought and action have been dominated by states possessing a single, mainstream culture. The *Fourth World Journal* is available online.

David A. Whetten is renowned as a pioneer in the field of organizational identity. A lesser-known component of his scholarship may be called ‘Whetten’s hybrid theory’ (Whetten, 2002). Elements from two primary social institutions, such as church, education, government, business, military or family, may be crossbred to produce a hybrid organization. The essence of the hybrid duality is always the existence of paradox between *ideology* and *instrumentality*. A good example is ‘family business’, where ‘family’ is a largely ideological concept and ‘business’ is far more instrumental. Indigenous (ideological component) entrepreneurship (instrumental component) may be regarded as a hybrid phenomenon. Whetten’s theory offers practical strategies for fostering coherence among highly incompatible identity elements.

Value theory has been a mainstream concern of economics since the eighteenth century and includes a seminal debate between advocates and opponents of state redistributive activity. The focus of disagreement centers on the opposed views of Rawls’s ‘Original Position’ argument (1972, 1975) in favor of a redistributive role for government and Nozick’s ‘Theory of justice in distribution’ (1974), which rejects such a role. The overwhelming failure of government Indigenous welfare programs (Pearson, 1999: *passim*) is strong evidence that Rawls has lost the argument. Unfortunately, neither Nozick specifically, nor value theory generally, supplies any practical guidelines for either research or policy-making. In order to study the field of Indigenous entrepreneurship better, we need not ‘value theory’ (economic singular) but a theory of values (human plural).

Values, as an issue for the field of sociology, was first raised by Hutcheon, who noted that ‘American sociology has tended to develop in isolation from the humanities, and in the form of a highly specialized technique rather than as a broad, philosophically and historically sophisticated perspective for the study of humanity (Hutcheon, 1972: 177). In common with sociology, entrepreneurship research has shown scant interest in values. It has been isolated from the humanities. The discipline’s commendable concern for technical excellence in quantitative methodology may have come at the expense of philosophical and historical sophistication. In her most recent book, Hutcheon revisits the values issue and concludes that, if we are ever going to solve the problems of society, we must understand how humans function as both the creators and creatures of an evolving culture (Hutcheon, 1999). Richard Trudgen argues that mutual misunderstanding of values is at the heart of most problems between Indigenous and mainstream cultures (Trudgen, 2001: 68–136).
All three relevant theoretical contexts converge on one practical necessity: Indigenous people themselves must create the paradigm of Indigenous entrepreneurship. It cannot be thrust upon them by non-Indigenous scholars as just one more imposition of the dominant culture. Fortunately there is a generic research method for facilitating this outcome. It involves distilling the collective wisdom of opinion leaders using depth interviews (Jones, 1985a, 1985b). Furthermore, there is a specific, tested application of the technique in the field of entrepreneurship. The Global Entrepreneurship Monitor (GEM) project (Reynolds et al., 2001) provides, for our intended study, both its fourth theoretical context and a tested method of effective depth interviewing to generate insights on entrepreneurship.

**Empirical research design**

At a broad level of purpose-focused methodological classification, the empirical component of this study is a blend of ethnography (Cresswell, 1994: 11) and grounded theory (Glaser and Strauss, 1967: *passim*). Its fundamental purpose was to understand the relationship between behavior and culture (the realm of ethnography) in order to determine the domain of a field linking participants’ perspectives to general social science theory (the realm of grounded theory).

Our empirical research objective was to discover and articulate the essential elements, boundaries and laws describing a paradigm of Indigenous entrepreneurship research from the consensus elements contained in the discourse of 40, purposively chosen, individually interviewed experts representing two different cultural traditions.

Between December 2001 and April 2002, 40 semi-structured depth interviews were conducted: 20 in Australia and 20 in the USA. If similar patterns of opinion could be detected among representatives of such strongly distinct Indigenous traditions, the claim for global relevance of any discoveries would be enhanced. On the grounds that Indigenous enterprise could not avoid interface with mainstream enterprise, it seemed appropriate to include a minority of non-Indigenous respondents knowledgeable in the field. We arbitrarily determined that a minimum of 28 interviews (70 per cent) should be with respondents of Indigenous status. Every respondent, Indigenous or non-Indigenous, had to possess credentials recognized in both the mainstream state and at least one Indigenous nation as a person knowledgeable in and respected for: their wisdom about general, fundamental issues affecting Indigenous development in at least one major community; their deep knowledge of and experience in mainstream government policy and programs affecting Indigenous people; and their knowledge of the technical and managerial issues relevant to entrepreneurship, startup, business development and business success in mainstream culture.

Our investigation was conducted using an operationalization of an aspect of the *Global Entrepreneurship Monitor* (GEM) research model (Reynolds et al., 2001). The GEM model postulates, and the interview structure utilizes, nine ‘entrepreneurial framework conditions’: financial support, government policies, government programs, education and training, R&D transfer, commercial infrastructure, internal market openness, access to physical infrastructure, and cultural and social norms. These describe the most salient features of the opportunity and motivational environment in which would-be entrepreneurs create and develop their ventures. Construct validity and reliability of results were strengthened by detailed research protocols, archival regimes and adherence to Hindle and Rushworth’s (2001) preference that respondents not be cloaked in anonymity. All respondents stand
willing to repeat the views contained in their depth interviews in open forums, including media interviews. Many are prominent national and international figures (including the Chairman of the Finance Committee of the US senate, the deputy leader of the Northern Territory government and Indigenous leaders with global reputations). Space constraints alone prevent our supplying a full list of respondents and their affiliations as an appendix. Bona fide scholars can contact us for access to original interviews.

Analytical techniques employed included cognitive mapping (Jones, 1985a: 59–67), content analysis (Krippendorf, 1980: *passim*) and appropriate techniques of statistical description, especially iterative cross-tabulation of coded data. All of these techniques were employed as tools in the service of ‘the constant comparative method’ (Glaser and Strauss, 1967: *passim*). Finally, we selected a formal framework for reporting our findings. Hindle has developed a conceptualization of and system for the articulation of any research paradigm (Hindle, 1997; Legge and Hindle, 1997; Hindle, 2002). He demonstrates that the research paradigm for any area of science can be succinctly presented as a matrix, illustrated in Figure 2.1, where the columns universally represent the four key ingredients common to every paradigm (Kuhn, 1970) and the rows specifically represent the ‘elemental issues’ of the particular field that is under scrutiny (Hindle, 1997, 2002). Laws, success rules and instrumentation requirements are accordingly located in ‘boxes’ described by the intersection of rows and columns.

An ‘elemental issue’ (see Figure 2.1) is defined as ‘an issue so fundamental to effective study of the field that it must be present (implicitly or explicitly) in every study that can claim to belong to the field’ (Hindle, 2002). In this study, we limited our analytical attention to the attempt to do three things: (1) to discover the paradigm’s elemental issues; (2) to determine its boundaries; and (3) to determine its laws. No attempts to postulate success rules or instrumentation requirements were made. These are tasks for future studies.

**Findings**

*An example of early stage pattern exploration*

Table 2.1 is just one example of the many exploratory cross-tabulations used in the early stages of our analysis. It employs GEM classification codes (see above) as a ‘first round’ method of aggregating respondents’ opinions concerning the ‘most important issue’ in the field of Indigenous entrepreneurship. Even at this early stage of the pattern matching process, it was possible to observe the great importance attached to the issues coded under the general heading, ‘cultural and social norms’ and its commonality to both Australian and American respondents. Differences in emphasis are also apparent in the table (Chi-squared analysis could not be used because the table contains some cells with counts less than 5). To facilitate insight as analysis progressed, we generated, among other techniques of content analysis and pattern matching, many such cross-tabulations. They involved crossing a variety of respondent sub-divisions in the columns (e.g. sex, indigenous status, degree of tribal connection and so on) with various codings of data communication blocs in the rows (e.g. abstract idea, concrete example, degree of local focus, standard GEM code).

*Middle stage emergent themes*

A major emergent theme, with many ramifications, was the degree to which heritage was important in an enterprise. How much or how little Indigenous character or involvement
<table>
<thead>
<tr>
<th>ELEMENTAL ISSUE 1</th>
<th>ELEMENTAL ISSUE 2</th>
<th>ELEMENTAL ISSUE 3 et cetera</th>
</tr>
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<tbody>
<tr>
<td>Paradigm Boundaries</td>
<td>Paradigm Laws</td>
<td>Paradigm Success Rules</td>
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**THEORETICAL JUSTIFICATION.** Why does this paradigm contain these prescriptions?


*Figure 2.1 Conceptualizing the general paradigm articulation matrix*
qualified an enterprise to be called ‘Indigenous’? Clearly a business whose mission was to sell selected traditional art-works and having an all-Indigenous board and management would qualify. But what about a casino, employing a majority of non-Indigenous labor? Nothing in Indian tradition supports such a venture. Its right to operate results from a statute in mainstream law. What distinguishes it from any mainstream, profit-oriented enterprise?

A theme pervading many interviews was the need to deal with what might be called the ‘individuality versus collectivity paradox’. There is undoubted need for a large measure of individuality if any process deserves the adjective ‘entrepreneurial’. Simultaneously there is a need to respect much that is collective in Indigenous tradition. How does deep attachment to the land and the harmonies of nature fit with the drive for profit and success?

Lakota philosophy is: each individual is responsible for themselves. And each individual was born with a gift of some kind to develop and to share with the people. . . . We need to find what that gift is within ourselves. (Albert White Hat)

Tribal entrepreneurs tend to think about what they’re doing for their community instead of thinking about how their business is actually going to survive. They have to think about both. (Gerald Sherman)

Another major theme concerned ‘partnership’ and all forms of interface with mainstream culture:

No culture is static. It changes all the time. Language changes all the time. To me it’s a matter of how we deal with change that’s inevitable. We have to look around us and see what it is that we really want to preserve in terms of our identity as tribal people and American Indians and then take steps to do that. (Perry Horse)

For Australian Indigenous leader Noel Pearson this need to find ways to reconcile and blend the best in mainstream and Indigenous cultures was and is the number one issue for Indigenous entrepreneurship. The key is not just to recognize the problems but to find the right paths to travel to fix them.
All 40 of the respondents expressed, to varying degrees, the belief that the paths to an entrepreneurial future could come directly from the heartland of Indigenous tradition if only we understood that tradition well enough and were adventurous enough to use it creatively. Richard Trudgen spoke for many respondents when he argued that Indigenous heritage has been so battered by mainstream culture that many young Indigenous people themselves now doubt its power and value. Yet, despite all problems, the respondents in this study believed that the strength of Indigenous tradition was robust enough and the spirits of individual Indigenous people were adventurous enough that paths to economic self-determination can and will be found. No one expressed this more potently or joyously than Lenore Dembski, a female Aboriginal entrepreneur who, when asked what she thought was the biggest positive factor in the entire arena of Indigenous entrepreneurship, said:

Well it’s the fact that we – my Aboriginal people – we’re so smart. For thousands of years we found ways to live richly in deserts and hard places where other people might have just shrivelled and died. And despite all the mistreatment of the last two hundred years, we’re still here; we’re still trying. We’re resilient you know. (Lenore Dembski)

Every one of our respondents believed that a blend of Indigenous tradition with sheer, Indigenous ‘smartness’ is an essential key to the future.

Theoretical saturation
The constant comparative method (Glaser and Strauss, 1967: passim) was the fundamental technique used to distill the core paradigm concepts and relationships from the communication blocs contained in our interview data. It was an iterative process of theory development whereby concepts and relationships were formulated as categories and their properties. The data were constantly revisited seeking ever more parsimonious categorization until we believed we had obtained the minimum set of fundamental issues, boundary conditions and laws capable of defining the paradigm. At this point, the categories were ‘theoretically saturated’ so that further data revisits and new incidents in the data ceased to contribute to understanding. The grounded theory had ‘solidified’ and it was appropriate to articulate it using the paradigm matrix (see Figure 2.2).

Figure 2.2 formulates three essential elements, three boundary statements, and seven laws. The paradigm of Indigenous entrepreneurship is thus described (minus its success rules and instrumentation requirements, as discussed above). We provide brief amplifications of the three essential elements of the paradigm.

1. **The heritage positioning index.** If heritage and the importance of Indigenous culture do not constitute an issue for a given venture, then we may not be talking about Indigenous entrepreneurship, even though the particular enterprise may have a degree of Indigenous ownership or involvement. It might be adequately studied as part of the entrepreneurial mainstream. The idea of an ‘index’ is metaphorical, not literal. What is required is some explicit treatment of the degree to which heritage matters and influences the management and growth of the enterprise under scrutiny in the study.

2. **The autonomy–accountability network.** Among the respondents in our study, there was a multiplicity of concerns about the degree of Indigenous autonomy that distinguishes
### RESEARCH DOMAIN

A field comprising studies focused on three essential issues.

### OPERATIONS

**How is success obtained?**

<table>
<thead>
<tr>
<th>Where Does It Apply?</th>
<th>What Must Be Done?</th>
<th>How Do We Do What Must Be Done?</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Paradigm Boundaries</strong></td>
<td><strong>Paradigm Laws</strong></td>
<td><strong>Paradigm Success Rules</strong></td>
</tr>
<tr>
<td><strong>Instrumentation Requirements</strong></td>
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</table>

#### The Heritage Positioning Index

The relative importance of Indigenous heritage issues must be made extant and will determine the degree to which any study in the field must include cultural analysis as well as economic analysis.

1. Provide a positioning statement, indicating the degree to which Indigenous heritage issues play a role in the mission and operation of the enterprise.

#### The Autonomy–Accountability Network

All Indigenous entrepreneurship studies must address the degree of enterprise autonomy, the extent to which enterprise stakeholders are accountable under both mainstream and Indigenous constraints and the extent to which important stakeholders other than management, employees and equity holders are expected to share in benefits.

2. Address all relevant issues of partnership, conflict and governance with key individuals, organisations and institutions from the dominant culture.
3. Address all relevant issues of partnership, conflict and governance with key individuals, organisations and institutions within the Indigenous milieu.
4. Describe and explain all relevant cross-cultural issues impacting on enterprise philosophy and operations.
5. Articulate a benefit distribution statement, indicating the nature and level of required and expected sharing in enterprise outputs.

#### The Twin Skills Inventory

Indigenous entrepreneurship is distinguished by a need for practitioners and researchers to integrate two very different skill sets.

6. The instrumentality law. Address all relevant issues of mainstream, technical entrepreneurship knowledge germane to enterprise success.
7. The ideology law. Articulate the requisite, Indigenous, ‘cultural sensitivity’ knowledge and skills germane to enterprise success.

#### THEORETICAL JUSTIFICATION

Pattern matched depth interviews; content analysis; convergence of four theoretical frameworks.

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*Figure 2.2  The Indigenous entrepreneurship research paradigm*
one venture from another and the range of stakeholders to whom the venture must account for its performance and for whom it must provide rewards. Thinking of this set of concerns as a network permitted distillation of a single, elemental issue.

3. **The twin skills inventory.** The previous elemental issues imply but do not specify the need for significant participants in an entrepreneurial process to possess a relevant mixture of technical and cultural skills.

**Discussion**

**Initial utility of the paradigm**

Our investigation of Indigenous entrepreneurship research began with two questions. What are the boundaries of this field? What should be studied within it? The discovered paradigm provides some answers. The new question becomes how can the paradigm be used?

Initially its principal utility will be as a taxonomic device. Studies can now be profitably classified and arranged in meaningful clusters. Two brief examples of hypothetical studies will illustrate. Venture 1 is a casino, situated on an Indian reservation, and run in partnership with a non-Indigenous company. It employs a mixture of Indigenous and non-Indigenous labor and has a policy of distributing a fixed percentage of profits to the tribal council, which seeks to use the surplus as a venture fund for stimulating local small business. This venture would rate very low on heritage positioning but might profitably be studied to learn about important issues of partnering, governance and skills transfer.

Venture 2 is a business totally owned by Indigenous members of a remote, desert community in central Australia. They are learning to use the Internet as a marketing tool to promote the sale of art they wish to make available to the world market. Just as important is what they do not wish to sell. By controlling their own company, they seek to protect certain sacred art works against the possibility of ever being seen by uninitiated outsiders. This enterprise rates highly on heritage but is largely accountable only to itself. A few technical (mainly Internet) skills are important – but not many. The learning that comes from researching this venture might be focused on the use of modern business skills in the service of heritage protection.

Investigations on both ventures would occupy very different but possibly equally valuable ‘learning niches’ in the Indigenous entrepreneurship research ‘space’. More generally, scholars and practitioners may find the paradigm useful as a device for focusing research interest on specific topics needing urgent investigation. This focus can now be achieved without losing contact with the context that distinguishes Indigenous entrepreneurship from all other fields.

**Future research directions**

This study was intended as merely the first stage of a research sequence, which we have labeled the Indigenous Entrepreneurship Paradigm Project (IEP3). Paradigm building will continue through many more interviews embracing many more states and nations. Hopefully, paradigm usage will itself generate feedback and critique. Projects envisaged include a longer version of this chapter with more space devoted to literature survey, theory, methodology and insights from respondents; a retrofitting study using the paradigm to classify, arrange and draw cumulative conclusions from many existing studies in the field; replication studies using the same research procedures in other countries with
Indigenous populations (Canada, New Zealand, Africa and Norway have been canvassed); a book exploring the history, problems and prospects of Indigenous entrepreneurship in Australia using the paradigm as a framework; and the search for support to establish an international journal of Indigenous entrepreneurship. Collaboration, extension and critique by scholars in all branches of the social sciences and humanities is invited.

Using tradition as a path to innovation

The major lesson learned in this study was that Indigenous entrepreneurs can use their heritage: they do not have to lose it when they set out in pursuit of venture success. The Dreaming in Australia, the realm of the Great Spirit in the Americas and all Indigenous spiritual and cultural traditions, wherever they are found, can be positive entrepreneurial forces. These traditions offer not a closed book of immutable scripture, but an open universe of continuous possibility. The potent allegories of Indigenous tradition can show the way to what might be, as well as what has been. There need be no paradox, no contradiction, no values sacrifice, no false dichotomy between heritage and innovation. The teachings of many Indigenous traditions are rich in stories of brave-hearted, individual men and women in quest of new knowledge, new ways of doing things, new discoveries leading to a better life for many people.

Indigenous tradition echoes to the footsteps of brave spirits on new paths. That is where entrepreneurs travel. Now they have a map.

Acknowledgements

The authors thank Handsel Foundation and the Chancellery of Swinburne University of Technology for seed grants that made the project possible. We also thank Christopher Heckenberg for his invaluable research assistance.

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In what circumstances can individual entrepreneurship thrive in communities with a collective perspective? Most people have no idea of the level of Aboriginal entrepreneurial activity that exists today.¹ Nor is there any understanding or appreciation for the way Aboriginal economic approaches operate in the context of capitalism. Community strategies currently employed will be examined in several communities located in Saskatchewan and Manitoba, two neighbouring Canadian provinces.

The misconceptions examined include that Canada’s Aboriginal peoples are not involved in commerce. If they are involved, then Aboriginal business peoples are absorbed in the capitalist system, leaving behind all traditional values, and finally collectivity has no place in a successful economy.

It is important to understand the complexity and variety in which Aboriginal communities are organized. Economic activity takes place by the individual citizen or through band-owned businesses. Political and economic organization are often intertwined. On the Canadian prairies, Aboriginal communities group themselves into regions headed by regional political leaders at the tribal council level and then some tribal councils are grouped into a grand tribal council. Complementary economic strategies permeate all levels in most cases.

Canada’s league of Aboriginal entrepreneurs is growing in leaps and bounds (nine times the rate of Canadian business) in all sectors of the economy. Their work encompasses traditional harvesting activities, manufacturing and technology. More than 27 000 independent business owners disclosed their existence in the recent government census (Aboriginal Business Canada, 2003). Policy makers, government officials, business leaders and future leaders seriously underestimate this level of activity and contribution to Canada’s prosperity by Aboriginal entrepreneurs (Micro-economic Policy Analysis Branch, 1997). It makes it difficult to cultivate new business partners if the majority of Canadians do not even appreciate that Aboriginal peoples are engaged wholeheartedly in a variety of economic activities. With the emphasis on the huge challenges facing the health, safety and security of Aboriginal peoples, in my opinion it is difficult to switch focus. Many must be blinded to our success and our hope for the future.

Aboriginal peoples make up 4.4 per cent of the Canadian population. Their economic success contributes to the success of their communities and to the broader Canadian economic landscape. Federal government support payments decrease, quality of life indicators improve and economic efficiencies are demonstrated with successful business strategies in the private, public and non-profit sectors. Aboriginal entrepreneurs start their businesses in their homes, to meet local needs, and perhaps to serve regional, urban, national or international markets. They operate their businesses much like other entrepreneurs with the same challenges of market, financial support, skills, and management and resource accessibility. What often sets them apart are the personal values that they choose to bring to the workplace.
While personal perspectives on spirituality are diverse, understanding some of the particular aspects of Indigenous entrepreneurship builds an appreciation for shared or unique ways. Many Aboriginal entrepreneurs honour their traditions and bring those perspectives into the workplace. There are also many who choose to follow a course of business much like any mainstream business. This diversity is centred within the democratic Canadian experience (Wuttunee, 2000). It forms part of the unique contribution to ways of conducting business brought to the table by Aboriginal peoples.

I would like to focus on those entrepreneurs who operate their businesses within their communities. Lack of community support is a common challenge for some of these entrepreneurs. Despite wide understanding of the link between economic development and community well-being, often entrepreneurs find family rivalries, community unease and jealousy undo successful enterprises. Businesses die or entrepreneurs move their businesses so that their dreams can be achieved. Individual choice is telling in these situations. Long-term community health is impacted by members’ support for these development efforts, which are easily lost if not properly nurtured.

For those communities that are supportive of members’ economic efforts and community-owned and individual-owned enterprises, the benefits easily multiply at the individual, family and community levels. A supportive political environment is part of the package for successful business in many communities. Prince Albert Grand Council (PAGC) is a political organization for more than 30 000 citizens, with 16 700 living in 26 northern Saskatchewan communities as members of 12 nations. PAGC operates with a $400 million budget for governance and economic development with employment for many of its citizens (Merasty, 2003). Grand Chief Gary Merasty, along with other community leaders, supports a philosophy of ‘community capitalism’ in which entrepreneurship thrives with community-owned businesses. (See Prince Albert Grand Council <http://www.pagc.sk.ca>)

Community capitalism is demonstrated by PAGC where mainstream business skills and strategies are employed in concert with policies that fit community needs and that include supporting entrepreneurs. A business advisor also provides resources to help entrepreneurs stay on track for success. In this environment, member entrepreneurs thrive. There are a lot of contract bid opportunities in their area. Entrepreneurs will regularly partner with each other so that at any one time they could be successfully contracting with a fellow company while partnering with someone completely different on another contract. In other words, the competition may regularly partner on contracts (Loizedes and Wuttunee, 2004).

Meadow Lake Tribal Council demonstrates another example of local support for their entrepreneurs, where a group of northern Saskatchewan communities followed a community consultation approach in identifying their economic goals for success. They carefully identified barriers and the responsibilities that each person has in supporting local business. Their approach takes the responsibility solely off of others and places it squarely on the shoulders of the community members affected by development. They leave behind the destructive ‘Indian Act’ mentality that on a matter of principle, based on a perceived debt or obligation, requires waiting until the government or others take control. Instead these community members demonstrating empowerment in shaping their own bright future take constructive, positive action in conjunction with all levels of government. At the centre of Meadow Lake’s strategies are the local business owners who are encouraged...
and supported at every step in their plans, from individuals being encouraged to start businesses to communities supporting local business activities (Anderson, 1999).

While community support is critical, another important strategy for successful entrepreneurship is partnership. There is extensive research around partnering with corporations (see Kitsaki Management Limited Partnership; Wuttunee, 2004; Sloan and Hill, 1995) but partnering with Aboriginal communities also has great potential for spreading positive economic impact. Tribal Councils Investment Group (TCIG) (see <http://www.tcig.biz>) brings to fruition the economic dreams of all Manitoba’s tribal councils. These tribal councils have generated wealth for their community members in ways that were unavailable to them alone and demonstrated true entrepreneurial spirit for Aboriginal benefit.

The early 1990s brought an investment opportunity to the attention of several leaders. They realized that partnering was the only way to generate needed resources. While they missed that first investment opportunity to purchase an interest in a restaurant chain, they realized the potential that an investment vehicle brings in the form of TCIG to build a capital pool of $40 million dollars and secure positions in solid businesses at a level greater than a tribal council or band office could access. Since that time, TCIG has developed a due diligence process and, with the guidance of tribal council members appointed to their board, has vetted investment opportunities for the benefit of their community shareholders, achieving their goal for the capital pool. This is another example of community capitalism that was mentioned earlier.

TCIG has invested in a Pepsi franchise, health, a northern retail outlet and a bank. The leaders have honed their approach to support ownership and use of goods and services in a local airline, a restaurant chain (the same investment originally targeted in the early 1990s) and an entertainment arena. They are generating employment and profits that go back to their shareholders for the benefit of their communities. TCIG partners with each of the companies they invest in and they are also partnering with Saskatchewan and northern Aboriginal communities in some of their projects.

In summary, Indigenous entrepreneurship has several important anchors for success. The individual’s skills and abilities are essential but it is within the context of community support that this discussion takes place. The discussion demonstrates that connection to community may be honoured while including entrepreneurial initiatives within a context of mainstream capitalism, where the focus is often on individual success without need for community connection.

A collective focus as described in these examples is open to criticism in the mainstream business and political worlds since a commonly held belief is that a communal approach is in fact a great hindrance to Aboriginal economic success, with privatization a more efficient route (see World Bank, for example: http://idpm.man.ac.uk/crc/wpdl149/wp13.pdf). The contrary position acknowledges the wisdom of working to one’s strengths and that a community perspective in fact preserves core values that thrive today and are values added to standard business approaches. In any event, communities are working with a blend of approaches that make sense to their citizens. Arguably, western perspectives are firmly ensconced in communal approaches as business organizations thrive in their own corporate communities.

Noting individual, family and community responsibility for economic success has been successfully employed by MLTC. Open discussion about sensitive topics in honestly addressing obstacles that are within personal control to change is extremely empowering.
and a powerful approach to economic success. Entrepreneurs operating in that supportive environment have the potential to build solid businesses that will have real local impact.

While these are only a few examples of what is possible, they demonstrate hope for change that is not necessarily acknowledged or understood by most Canadians. There is increasing evidence of changes in the Aboriginal community around economic enterprise that mirror the experience of these communities and others. There is also evidence that mainstream-educated leaders, grounded in their own traditions, can inspire a context for successful business for those members interested in pursuing economic opportunities. Indigenous entrepreneurship cannot help but thrive with meaningful levels of community support and commitment.

Note
1. Dr Wuttunee’s research interests in Aboriginal economy, entrepreneurship and business development include more than 20 years of research in the Canadian state of affairs.

References
PART II

AFRICA
Current views on Africa’s economic transformation suggest that solutions to the continent’s institutional crises lie not so much with a lack of technical capacity (for example technology, availability of skills, methods) but with inadequate utilisation of existing capacity (Dia, 1999). Such current views understate the need for more research on how to close the function and structural disconnect between formal institution and indigenous institutions (ibid.). While formal institutions will continue to play the leading role in the economic transformation of most African nations, cultural, social and economic conditions will limit their effectiveness in many African societies. The bazaar presents a different reality than that addressed by mainstream theories. On the other hand, indigenous institutions, while being touted for their cultural compatibility, also face problems of their own in response to global demands in the market place, such as market place innovation. Thus finding the optimal functional roles of both institutional types continues to hold the key to solving the institutional management crisis in Africa.

The following chapters are about indigenous enterprises in Africa. They provide useful insights into the role of indigenous institutions and how best to link them with the formal institutions. The chapters are carefully selected to span West Africa, Central Africa, East and Southern African regional experiences and experiments.

Chapter 5 provides us with an overview of African entrepreneurship and small business research, while Chapter 6, on West Africa, by Osinubi, is on women and development. This work shows how women’s trading activities contribute to economic development in Ibadan, Nigeria.

Shifting to the Central and Eastern Africa regions, we start with a chapter on Congo. Next, Ndemo’s chapter, on Maasai entrepreneurship and change, provides some revealing relationships between culture and economic necessity as agents of change.

Chapter 9, by Léo-Paul Dana, is an insightful comment on the Southern African country of Lesotho.

This comprehensive work on indigenous African entrepreneurship is timely. I am sure policy makers, scholars and development agents will be well served.

Reference
5 An overview of African entrepreneurship and small business research

Wim A. Naudé and J.J.D. Havenga

1 Introduction

Given the potential importance of self-employment for African economic development, the present chapter provides an overview of the current state of entrepreneurship research in Africa. This is based on the compilation of a bibliography of African entrepreneurship research. To our best knowledge this is the first time that such a bibliography has been attempted for Africa. We analyze the frequency and topics of research outputs since 1963 and provide an overview of the main themes and topics in African entrepreneurship research. It is shown that, in Africa, government has an impact on entrepreneurship both directly (through, for instance, taxation and education and training policies as well as privatization) and indirectly (through, for instance, contributing to an uncertain policy environment, damaging social capital and creating institutional features that keep African firms small). The smallness of African firms, and the role of social network capital in overcoming the negative features limiting African firm growth and survival, are important topics for future research on African entrepreneurship.

Africa is the poorest region in the world and the only major developing region with negative growth in income per capita over the past two decades (Sachs et al., 2004:117). Can entrepreneurship make a difference to economic growth and development in Africa? Answering this question would require rigorous research into African entrepreneurship. However, compared to research on entrepreneurship elsewhere in the world, and the extensive scientific debate on entrepreneurship in Europe and the United States, entrepreneurship research in Africa is relatively lacking (Kiggundu, 2002; King and McGrath, 1999). This lack is reflected in the fact that a number of recent in-depth scientific reports on the causes and remedies of Africa’s slow economic growth performance fails to discuss entrepreneurship at all (see e.g. Sachs et al., 2004; Fafchamps, Teal and Toye, 2001; Collier and Gunning, 1999a, 1999b).

In contrast to the relative lack of scientific debate on African entrepreneurship, policymakers in Africa, and some donor countries, are claiming that entrepreneurship can make important contributions to economic growth and development. For example a recent report by the South African Department of Trade and Industry states, ‘the government is now turning its attention to looking at entrepreneurship development and the promotion of self-employment as strategies that can help to overcome the unemployment problem and propel the economy to higher rates of growth’ (DTI, 2000:4).

If policy-makers are to be successful in this, more research on African entrepreneurship will have to be carried out and disseminated. Where and how should this research be focused? To provide some initial answers to the question, it is the purpose of the present study to give an overview of the current state of entrepreneurship research in Africa based on the compilation of a comprehensive bibliography of African entrepreneurship
This is the first time that such a bibliography has been attempted for Africa. We took our example from two international bibliographies of entrepreneurship and SMEs. Both were published in the United States of America and are particularly comprehensive in the coverage of literature worldwide, but not with regard to Africa. The present study is thus also aimed at rectifying this omission. Through the compilation of such a bibliography one can provide an indication of the quantity of scientific research on African entrepreneurship, the topics within entrepreneurship addressed, and the countries in Africa where the scientific debate on entrepreneurship is most intense. From this overview, we will also be able to glimpse some of the current directions that African entrepreneurship research is taking.

The chapter is structured as follows. In the next section (section 2) we briefly discuss the concept of entrepreneurship for purposes of this study and the African context. Section 3 discusses the methodology followed in this chapter in identifying and categorizing African entrepreneurship research between 1963 and 2001. Section 4 summarizes the main findings with respect to the topics, frequency and country studied in African entrepreneurship research over the period. In section 5 we identify seven questions (or directions) in African entrepreneurship research that seem topical. Section 6 concludes.

## 2 The concept of entrepreneurship

There is no commonly accepted definition of entrepreneurship and the concept defies easy measurement. It is a multidimensional concept and the definition used will depend on the focus of the research taken (Verheul et al., 2001:4). Most often, especially in Africa, the term or concept is equated with self-employment. The term ‘self-employment’ refers to people who provide employment for themselves as business owners rather than seeking a paid job. In Africa, a large part of the self-employed is in the informal sector: as we will show below, a correspondingly large part of entrepreneurship research in Africa draws on studies on informal enterprises. Defining entrepreneurship as self-employment is consistent with the Global Entrepreneurship Monitor (GEM) Project’s definition of entrepreneurship as ‘Any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, teams of individuals, or established businesses’ (Reynolds, Hay and Camp, 1999).

The entrepreneurship literature makes a distinction between entrepreneurship and small business promotion. Indeed, from the definition above, it is clear that entrepreneurship is a much broader concept than small business. However, small businesses are often seen as the ‘seedbeds’ of entrepreneurship or one of the key ‘vehicles’ of entrepreneurship (Acs, 1992:38). Entrepreneurship and small business research are often intertwined. In Africa, the relationship between entrepreneurship and small business research is even closer. This is because small businesses (SMEs) predominate in Africa to a larger extent than elsewhere. The size distribution of firms in Africa is heavily skewed, with a much higher proportion of very small firms than can be found elsewhere (Bigsten et al., 2001; Tybout, 2000).

In the directions taken by entrepreneurship research in Africa (section 5 below) we note that the relationship between a firm’s size and the manner in which it constrains entrepreneurship provides an almost golden thread for the research agenda.
3 Methodology
The study area included all the countries of Africa and to a certain extent also other parts of the world where academic and scientific publications appeared with regard to Africa. Sources ranged from scientific indexes, book bibliographies, theses and dissertations, academic and professional journals, conference papers and popular journals to Internet searches. It was not the intention to compile a listing of any type of publicized information on entrepreneurship and SMEs, but to concentrate on those that have scientific and academic value.

In total, just over 500 scientific publications on African entrepreneurship spanning the years 1963 to 2001 were identified (see Table 5.1 below). Each entry in the bibliography was classified according to author, year, country and subject. Altogether 15 subjects or topics were used to classify output:

1. Definitions, concepts and methodology
2. The role of entrepreneurship in Africa
3. Characteristics of African entrepreneurship
4. Determinants, constraints and opportunities
5. Government, support and policy
6. Women entrepreneurship
7. Informal sector
8. Agriculture and rural development
9. Technology and innovation
10. Culture, networks and clusters
11. Management, education and skills
12. Legislation, institutions and regulations
13. Financial factors, credit and information
14. History
15. General.

In the next section we summarize the main features of African entrepreneurship research as reflected in the bibliography.

Table 5.1 Output of entrepreneurship/SME publications in Africa in 5-year intervals

<table>
<thead>
<tr>
<th>Period</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1963–1968</td>
<td>8</td>
<td>1.53</td>
</tr>
<tr>
<td>1974–1978</td>
<td>26</td>
<td>5.00</td>
</tr>
<tr>
<td>1979–1983</td>
<td>43</td>
<td>8.26</td>
</tr>
<tr>
<td>1984–1988</td>
<td>46</td>
<td>8.85</td>
</tr>
<tr>
<td>1989–1993</td>
<td>141</td>
<td>27.11</td>
</tr>
<tr>
<td>1994–1998</td>
<td>179</td>
<td>34.42</td>
</tr>
<tr>
<td>1999–2001</td>
<td>57</td>
<td>10.96</td>
</tr>
<tr>
<td>Total</td>
<td>520</td>
<td>100.00</td>
</tr>
</tbody>
</table>
4 Frequency and topics of research on African entrepreneurship, 1963–2001

4.1 Frequency

There has been a significant growth of entrepreneurship research in Africa since 1980. Between 1963 and 1978 only 54 publications or an average of 3.38 per year were produced. This, it is believed, can be attributed to the fact that African countries were still very unaware that entrepreneurship and SMEs could play a major part in the economic development and growth of developing countries. However, in the past two decades, the world has become more aware of SMEs’ contribution to the economies of countries and the way in which it can enhance development and growth of third world countries. This resulted in a dramatic increase in research output in this field. Welsch (1992:1) stated that, even in the USA, academia began to take notice of this self-employment phenomenon only in the late 1970s and early 1980s.

Since 1980, however, more than 466, or 89.6 per cent of the total number of publications identified in our bibliography were produced. The growth in African entrepreneurship publications is depicted in Figure 5.1 below.

As Figure 5.1 and Table 5.1 indicate, since the late 1980s there has been a significant increase in entrepreneurship research in Africa. This corresponds to the implementation of structural adjustment programmes (SAPs) in many African countries.

The data in Table 5.1 were broken down into the subject countries, shown in Table 5.2.

4.2 Distribution of research output

It can be seen from Table 5.2 that 61.2 per cent of all African entrepreneurship research concerns South African entrepreneurship and small business. About 12 per cent is ‘general’, followed by research on Zimbabwe (5.0 per cent), Nigeria (3.8 per cent) and Kenya (3.72 per cent). Table 5.2 also shows that 70 per cent of all research was published between 1990 and 2001.

Figure 5.1 Output of entrepreneurship/SME publications in Africa in 5-year intervals
4.3 Publications per topic

Using the 15 topics described in section 3, the publications on African entrepreneurship identified were sorted per topic and per period. This gives an indication of the topical areas in African entrepreneurship research since the 1960s. From Table 5.3 it can be seen that by far the largest volume of entrepreneurship research in Africa dealt with education, management and skills issues (14.2 per cent) and determinants, constraints and opportunities of entrepreneurship (14.0 per cent). Studies on the role or contribution of entrepreneurship are also frequent (10.38 per cent). The most infrequent research topic is the role of finance, credit and information.

It can be seen from the table that, initially, African entrepreneurship research was very general (1960s). During the 1970s the focus was on the history of African entrepreneurship and the role of culture and networks. During the 1980s, the focus shifted to the informal sector, the characteristics of African entrepreneurs as well as education and training.
Table 5.3 shows that, during the 1990s, education and training remained the dominant research theme in African entrepreneurship, followed by characteristics of African entrepreneurs. Noticeable during the 1990s was the interest in the role that entrepreneurship could play as well as the emergence of research on women’s entrepreneurship. These trends in research reflect the greater acceptance of free and liberalized markets in Africa after the Cold War ended in 1989, and the greater recognition of the rights of women in the 1990s.

5 Themes in African entrepreneurship research

The issues addressed in African entrepreneurship, as detailed above, can broadly be summarized as issues dealing with the determinants of African entrepreneurship (including its obstacles) and the effects of government small business and entrepreneurial support measures for entrepreneurship, such as education and training.

What are the main findings and gaps for future research to come from this? We put forth a number of themes, not necessarily exhaustive, that current entrepreneurship research in Africa is taking up.

5.1 Entrepreneurship and economic growth?

There is relatively little research (as compared to that elsewhere) on the effect of entrepreneurship on economic growth and development and vice versa. For instance, recently the issue of whether entrepreneurship leads to lower unemployment or vice versa resulted in an intense scientific debate in Europe and the United States (Audretsch, Carree and Thurik, 2001). It seems to be accepted, especially in government circles, that entrepreneurship development will have beneficial effects for Africa. However the current findings from Africa are much more sober on these prospects. Bewayo (1995), from a study of Ugandan entrepreneurs, concludes that African entrepreneurs tend to emphasize...
‘economic survival’, ‘making a living’ and ‘providing for family’ as reasons for going into business. Also high-economic growth may discourage entrepreneurship by leading to higher wages and raising therefore the opportunity costs of self-employment. As Verheul et al. (2001:12) remark, ‘several arguments have been brought forward supporting a negative impact of economic growth on the level of self-employment’.

In Africa, high unemployment might be associated with a low degree of entrepreneurial activities and low economic growth might be the cause of low entrepreneurship development (Audretsch, 1998). High economic growth, on the other hand, may discourage entrepreneurship if it is accompanied by rising wages. One explanation that would need further research is whether this direction of causality is true for Africa, and whether the levels and quality of human capital in Africa have an impact on the direction of causality.

The survivalist nature of entrepreneurship in Africa is emphasized by Kesper (2000:1) as a weakness of entrepreneurship with the implication that SMEs might not be leading economic growth but following it. She states:

Research on South African SMMEs reveals, however, a mismatch between the reality and the model of the SMME sector used by South African policy makers: The South African SMME sector is far from homogenous and would require a fine-tuned set of interventions rather than the generic assistance currently provided. Only the few, more dynamic SMMEs show a potential to contribute to rapid employment creation, whilst survivalist activities constitute the vast majority of South African SMMEs.

Thus the implication is that a broad approach to provide support to entrepreneurs only really helps survivalist firms, and thus acts as some brake on poverty. If job creation and some of the other goals are to be realistic goals, then fine-tuning and targeting and picking winners may be a better way to implement entrepreneurial support programmes. For these to be successful would however require of government to build and maintain better data on SMEs. Such data in Africa are extremely poor. There is also a lack of information on employment, sales, sector and so on of SMEs. In particular, future research should result in more longitudinal survey data on SMEs to be able also to gauge scientifically the impact of support measures on entrepreneurs and their firms.

5.2 Small businesses as vehicles for entrepreneurship
There is a need in Africa for more research on the relation between entrepreneurship and firm size. We have already commented on the fact that the size distribution of firms in Africa is heavily skewed towards small firms. Moreover existing research finds that, while entrepreneurship support programmes may lead to a rapid rise in the number of businesses, the average size of businesses tends to be constant (Fafchamps, 1994). A study covering Kenya, Swaziland, Zimbabwe, Botswana and Malawi found that only 0.9 per cent of the surveyed firms grew to ten employees or more over a five-year period (Liedholm et al., 1994). Most start-ups stagnated at start-up size (one to four persons). It could be interesting, given the possible need for larger firms in Africa, to determine which characteristics of entrepreneurs are positively associated with firm size.

There are of course, many large firms in Africa. Most of these are multinational enterprises (MNEs). Indeed, as remarked by Coughlin (1988), ‘Africans own very few medium or large-sized manufacturing firms’. Gilroy, Gries and Naudé (2002) point out that there is insufficient research on the role and impact of MNEs in Africa. Better research on the
dynamics of MNEs in Africa may throw more light on the determinants of small firms’ size in Africa as well as local indigenous industrialization and the functioning of networks and the success or failure of industrial clusters.

Naudé and Krugell (2002) identify a number of factors in the structural and institutional landscape in Africa that may limit firm size: shortcomings in Africa’s legal and financial systems, human capital endowment, market size and social fragmentation.

There is evidence that the macroeconomic policy framework in Africa, specifically tax policy, may influence firm size. Biases in tax policy may favour the creation of smaller firms as a way of avoiding taxes and regulations. Gauthier and Gersovitz (1997) found evidence in Cameroon that small firms prefer to remain small and informal in order to avoid taxes, while large firms were influential enough to obtain special treatment. It was the mid-sized firms that bore the highest tax burden, with the result that the distribution of firm size in Africa is characterized by a ‘missing middle’.

Finally, it must be borne in mind that large firms require more managerial than technical capacities to oversee and coordinate the business. This creates a more urgent need for formal education and training of entrepreneurs in Africa. Formal education increases the learning capabilities of the individual, thereby raising entrepreneurial efficiency and resulting in more successful firm growth (Goedhuys and Sleuwaegen, 2000:141). It has been found that there is a clear correlation between entrepreneurial education and firm size in Africa: a much higher percentage of entrepreneurs managing medium and large firms have university degrees than those managing very small and small firms. The provision of appropriate training for entrepreneurs in Africa is also an avenue for future research as far as it is related to the ability of African entrepreneurs to learn how to export. The importance of entrepreneurship for exports – and the possible importance of exporting for entrepreneurship development – is explored below.

5.3 Entrepreneurs, international trade and globalization

A third critical area for entrepreneurship research in Africa is the relationship between African entrepreneurship, international trade and globalization. According to Söderbon and Teal (1999:20), ‘The poor performance of manufacturing in most African countries is arguably due to its inability to export its products.’ Africa’s and in particular sub-Saharan Africa’s share of world trade fell dramatically over the past 40 years. The region’s share of world exports declined from 3.1 per cent in 1955 to 1.2 per cent in 1990. There was also major erosion of the region’s ability to compete in international markets and Africa lost ground in key commodity exports (Ng and Yeats, 1998).³

Exporting is seen as one of the few possible strategies for economic growth open to Africa (Fafchamps, Teal and Toye, 2001). Enlargement of the effective market size through exports generates a number of technological benefits (Krueger, 1981). Indivisibilities in production are overcome, firms can use the minimum efficient plant size, utilize all capacity and exploit economies of scale (Balassa, 1978; Feder, 1982; Jung and Marshall, 1985; Moschos, 1989). In addition, trade introduces international competition (Chow, 1987). There is competitive pressure to reduce X-inefficiency (Jung and Marshall, 1985) and it necessitates technological improvements (Ram, 1985; Moschos, 1989) and more efficient management (Feder, 1982). Thus exports tend to increase total factor productivity (Balassa, 1978). These benefits also spill over to non-exported products that can then be produced more efficiently (Tyler, 1981). All of the latter could suggest that more
manufacturing exports from Africa could boost entrepreneurship development in a Schumpeterian sense. However, low entrepreneurship development could also have an impact, through lower firm efficiency, on lower exports from Africa. The question is: will greater exports facilitate the development of entrepreneurs or will better entrepreneurs result in higher levels and growth rates of exports? Or is there two-way causality?

Bigsten et al. (1999) use the RPED firm-level panel data for Cameroon, Ghana, Kenya and Zimbabwe to estimate the effect of exporting on efficiency. Measures of firm-level efficiency using stochastic production frontier models are constructed for the period 1992 to 1995. The results of both random effects and time-variant productivity models reveal that exporters are more efficient than non-exporters. Further, exporters increased their efficiency during the period more rapidly than non-exporters, and new entrants to exporting had the largest subsequent efficiency gains, controlling for other characteristics. The effect of exporting on efficiency appears to be greater in this African sample than in comparable studies of other regions, that is consistent with the smaller size of domestic markets.

A concern noted by Naudé, Oostendorp and Serumaga-Zake (2002) is that large firms do most current exporting from Africa. Small manufacturing firms in Africa often cannot bear the high fixed cost involved in exporting. Thus strategies aimed at increasing African exports should focus on providing additional support to entrepreneurs in small firms and focus on mechanisms to reduce the high fixed costs in exporting. There are various ways in which industrial clusters and networks can provide economies of scale and scope to allow firms to lower fixed costs in exporting – the question of African enterprise clusters is addressed below.

Trade restrictions are a major reason for African entrepreneurs having difficulty in ‘learning’ how to export. Teal (1999) finds that African trade barriers are far more restrictive than those of any other region. The divergence in the case of non-tariff protection is even sharper. This limits the size of the internal market and prevents firms from reaping economies of scale or from ‘learning’ how to export (see Naudé, Oostendorp and Serumaga-Zake, 2000, and Fafchamps, El Hamine and Zeufack, 2001). Although increasing competition in international markets may lead to many small firms closing down, this is a sense in which trade liberalization may be good for entrepreneurship development.

5.4 Entrepreneurial networks and clusters
A fourth area of further research need is on entrepreneurial networks and clusters. Networks and clusters provide information, assistance and examples, stimulate innovation and transfer technology and skills (Bräutigam, 1998:3). In this way, networks can help new entrepreneurs to enter self-employment since they reduce search costs while also lowering the risks of embarking on a new venture. There are two interrelated strands in the African entrepreneurship literature to be discerned. The first strand relates to industrial clusters and attempts to ask what contribution industrial clusters can make in Africa and why there is a lack of significant industrial clusters in Africa. The second strand is related to entrepreneurial networks and the role of social capital in strengthening these entrepreneurial networks.

Clusters have been identified as important for African entrepreneurs. Further research into clusters can be justified with reference to learning by small firms and because of the observation that, where small firms do succeed in exporting to the degree of larger firms,
it is when they make use of networking and externalities in industrial districts (Schmitz, 1995). For instance, Schmitz (1999:465) writes, ‘case studies have emerged from various parts of the world showing that clusters of small enterprises have broken into international markets’. According to Oostendorp (2001:1), ‘if size is not helping African firms to become successful exporters, other factors need to compensate for this, such as higher levels of firms efficiency, lower transport costs, or higher product quality’. Clustering and network effects may be important providing this compensation as such clustering enables SMEs to obtain efficiency gains through collective efficiency as a result of local external economies and joint action.

In this light it is important to ask why there is a lack of significant industrial clusters in Africa. Two related reasons have so far been noted in the research literature, namely low levels of efficiency of small firms and (related to this) a low incidence of subcontracting between large and small firms (McCormick, 1999). As recognized by Berry (2000:12), ‘contractors are not willing to invest their time or efforts with subcontractors which are not close to being efficient producers. And a cluster must have a high level of collective efficiency if it is to compete in world markets’. This may also explain the success of East Asia and Latin America (as well as that of some European countries) in achieving rapid growth of exports from small firms, namely that the efficiency of the small firms allowed for successful establishment of clusters and subcontracting (Berry, 2000:12).

Further reasons may require more in-depth research into the role of local governments and industrialization in Africa. For instance research in Europe (Italy) has pointed to the important role that local municipalities played in stimulating the development of industrial clusters and network. Such research on the municipal–entrepreneurial interface in Africa is lacking. Furthermore existing – scant – research on industrial clusters and networks in Africa seems to suggest that many of the small industrial clusters found in Africa appear to have developed out of market towns rather than out of vertical sectoral disaggregation. According to Pedersen (1997:14), ‘They are often characterized by very limited vertical specialization and diversification and may develop into clusters of petty commodity producers rather than full-blown industrial clusters. This may be one reason for the limited success of many African enterprise clusters.’

As stated, the second strand of research on networks in Africa focuses on entrepreneurial networks and social capital. While related to work on industrial clusters, this strand of research attempts to identify the different types of networks used by African entrepreneurs and the functions of the different types of networks. Barr (2002) discusses ‘innovation networks’ and ‘solidarity networks’ in Africa, drawing on research from Ghana. Innovation networks fulfill the function of improving firm performance by allowing information about the world to flow between members whilst solidarity networks are designed to reduce uncertainty. Barr finds that the latter type of network dominates in Africa because the uncertainty faced by African entrepreneurs is paramount: ‘Much of the uncertainty facing enterprises in Sub-Saharan Africa is due to lack of contract discipline leading in turn to delayed supplies, unreliable quality and late payments and repayments by customers’ (Barr, 2002:94).

Given the importance of solidarity networks to lowering uncertainty, factors negatively affecting these networks will lower the survival rate and success rate of firms. Thus lower entrepreneurial efficiency in Africa may be partly due to lower levels of social capital6 or lack of social cohesion. Africa’s ethnolinguistic fragmentation has been identified as a
factor that might undermine networks. Africa’s median level of ethnolinguistic fragmentation is 0.73 as against 0.21 in non-African countries (Block, 2001:457). Easterly and Levine (1997) find that this ethnolinguistic fragmentation undermines growth in Africa. Not only may lack of social cohesion undermine the efficiency of entrepreneurs in Africa, it may also be a cause of the skewed distribution of firm size in Africa in that the coordination problems in an ethnolinguistically fragmented society may be prohibitive for the establishment and management of large firms. The importance of social capital in strengthening entrepreneurial networks is thus an important direction of research in Africa (see, e.g., Barr, 2002; Fafchamps, 1992; Bräutigam, 1997).

African research has made important strides in understanding the role of ‘special’ groups of entrepreneurs, most notably women entrepreneurs and ethnic minorities. The African literature on minority entrepreneurship suggests that contractual mechanisms generated within ethnic groups are crucial to providing access to inputs, credit, technology and finance. This in turn leads to greater profitability and growth of firms within the network. Empirical evidence from the World Bank’s Regional Programme on Enterprise Development (RPED) indicates that minority entrepreneur firms do enjoy a higher rate of firm growth. This finding is consistent with the marginalization theory of entrepreneurship, wherein a person’s marginal social position acts as a driving force to become self-employed.

5.5 Financial constraints and entrepreneurial success

One of the robust findings from the research literature on the constraints on African entrepreneurs related to the difficult access to finance and credit faced by these entrepreneurs. These findings are substantiated by many surveys that found that personal savings – and not bank loans – are the main source of start-up funding amongst entrepreneurs in African countries (Grenier, McKay and Morrissey, 1998; Parker et al., 1995). Another robust finding is that women entrepreneurs have more difficulty than male entrepreneurs in obtaining credit.

The lack of external sources has been explained with reference to (a) financial underdevelopment (b) the small firm size prevalent, and (c) lack of collateral offered by entrepreneurs. Africa has less financial depth than other developing countries owing to financial repression and a lack of openness. Collier and Gunning (1999a, 1999b) provide a number of explanations for the financial sector having remained underdeveloped. For instance, it faces high natural costs because there is little collateral, limited financial information and high risks intrinsic to shock-prone economies.

There are also policy-generated costs that constrain financial development, such as implicit taxation through financial (interest rate) repression, taxation through unremunerated reserve requirements and a poor legal system for loan recovery. The nature of the banks also plays a role. Public sector banks have often been diverted to other objectives such as channelling off-budget funds for government expenditure. The remaining private banks are oligopolistic in nature and concentrate on risk minimizing.

As a result of the above, informal credit and insurance schemes predominate in Africa. Although these are also subject to limited financial information and lack of collateral problems, Fafchamps (1992) argues that networks may support such arrangements. It has already been pointed out in section 5.4 that this is one reason why firms in Africa owned by ethnic minorities tend to grow faster and be larger. This underlines the importance of research into informal credit schemes and entrepreneurial networks in Africa.
5.6 The economic geography of entrepreneurship

According to Sachs (2001) geographical factors may be important to understanding the difficulties faced by entrepreneurs in Africa. Gallup, Sachs and Mellinger (1998:9) identified a number of geographic features of Africa that hinder entrepreneurs. They show that Africa has a very high concentration of land in the tropics, and a population heavily concentrated in the interior, with more than a quarter of the population in landlocked countries, far from the closest core markets in Europe, and low population densities in the coastal and interior regions. These factors raise both domestic and international transport costs. The adverse impact of high shipping costs on South African exports is discussed in Naudé (2001).

The impact of high transport costs may be more significant in Africa because of the lack of clusters and large firms. As a result of high transport costs, small firms are required to hold large inventories, the cost of which can be prohibitive for small firms (Rodriguez-Clare, 1996). Furthermore, many complementary inputs into manufacturing require proximity to the supplier, specifically services such as banking, auditing, consulting, wholesale services and machine repair. Africa’s geography means that these services are often wholly absent.

Audretsch (1998) points out that geography also matters for innovative activity and the international comparative advantage of regions because the kind of knowledge-intensive inputs required for high-skilled modern manufacturing requires a significant amount of tacit – as opposed to codified – knowledge. As he states (p. 21), ‘the marginal cost of transmitting knowledge, especially tacit knowledge, rises with distance’. This need for technological know-how in a globally competitive economy significantly raises the entry costs for small firms exporting, especially when compared to the probability of 0.5 that the firm might fail within three years.

Diamond (1998:398) argues that, as far as geography is concerned, it is especially climate and the environment for food production that limits the development of entrepreneurship. The latter, according to Diamond, gave rise in Europe to guns and other technology, widespread literacy and the political organization necessary to sustain entrepreneurial innovation and development. In Sub-Saharan Africa, however, ‘Food production was delayed by Africa’s paucity of domesticable native animal and plant species, its much smaller area suitable for indigenous food production, and its north–south axis, which retarded the spread of food production and inventions’ (ibid.).

Acemoglu et al. (2001a; 2001b) recently argued against the dominating influence of geography, claiming that differences in poverty are due to differences in the institutions of society. This is in line with scientists that focus attention on the fact that societies or regions that provide incentives and opportunities for entrepreneurial development will be richer than those that fail to do so.

Acemoglu et al. (2001b:4) find that ‘Historical and econometric evidence suggests that European colonialism caused not only a major change in the organization of these societies, but also an institutional reversal – European colonialism led to the development of relatively better institutions in previously poor areas, while introducing extractive institutions or maintaining existing bad institutions in previously prosperous places.’ It was easier for European colonial powers to settle and transfer their institutions in poorer, less sparsely populated areas, such as Australia, New Zealand and North America than in more prosperous and populated areas such as tropical Africa. The subsequent ‘reversal of fortune’ that these areas experienced is consistent with the institutions hypothesis, but not
the geography hypothesis, since the underlying geography and climate remain unchanged. Naudé (2004) finds empirical evidence supporting Acemoglu et al.’s (2001a) thesis and also finds that geography has a determining effect on institutions in Africa.

Apart from high population densities and relatively prosperous communities in places in Africa that prevented large-scale settlement by European settlers, Acemoglu et al. (2001a) suggest that African institutions are also worse owing to high settler mortality in the era of colonialization (due, for example, to malaria and yellow fever). This prevented the transplanting of colonial institutions that could have been beneficial for entrepreneurial development. Thus (ibid., p. 1395), ‘Europeans adopted very different colonialization strategies, with different associated institutions. In one extreme, as in the case of the United States, Australia and New Zealand, they went and settled in the colonies and set up institutions that enforced the rule of law and encouraged investment. In the other extreme, as in the Congo or Gold Coast, they set up extractive states with the intention of transferring resources rapidly to the metropole.’ The authors subsequently find a strong and significant negative association between per capita income growth and better rates of settler mortality. Lal (1998) attempts to answer the question what, as regards the colonial institutions, was important from an economic welfare point of view? In other words, why were the European institutions that were transplanted to the colonies of Australia, North America and New Zealand good for poverty eradication? The view of Lal (1998) is that the west’s culture of individualism and norms that approved of individual material advancement encouraged institutions of private property. During the subsequent science and technology-generated Industrial Revolution, ‘The age of industry created a considerable advantage for societies with institutions of private property’ (see also Acemoglu et al., 2001b:37). Today, intellectual property rights, protection of innovations through patent rights and institutions such as subsidies and learning organizations are acknowledged in the endogenous growth literature to be essential for economic growth and development (Temple, 1999).

5.7 The role of African entrepreneurs in technological catching-up

African entrepreneurs need to enter the production and exports of high-technological manufactured goods. One noted constraint faced by many exporters of manufactured goods from Africa is the technological obsolescence of African goods, rendering these non-competitive. Indeed one of the strong arguments for trade liberalization in African countries is that greater openness will allow African entrepreneurs to assimilate new technologies more rapidly.

In theory, the fact that Africa has many small businesses could be a positive factor in technological catching-up. It has been claimed that small firms can better adopt new technologies and that, as a result of new technologies, the importance of scale economies has been reduced, implying that in many sectors small firms do not face a disadvantage any more (Verheul et al., 2001:12). Thus adaptation of new technologies could be vital for African entrepreneurs.

The literature from Africa suggests that the transfer of technology is not straightforward, even in the presence of a liberal trade regime. Africa’s geography, lack of clusters and high transport costs may limit the transfer of much needed technologies. The so-called ‘technological capability approach’ (see Nelson and Winter, 1982) implies that technology cannot simply be transferred to an African economy or African entrepreneur like a product. The reason is due to the difference between capacity and capability: the former may exist but the
latter may not and would require proximity to be transferred and adopted. Much new technology involves tacit knowledge and a learning process. Distance and high transport costs thus make lack of proximity a significant obstacle to entrepreneurship in Africa.

Furthermore there may also be domestic policy influences that hinder the transfer of technology to entrepreneurs. This is due to policy influences that contribute to an institutional landscape in Africa that is not conducive to learning by entrepreneurs (Wolf, 2001). Uncertainty has been identified as a cause for this. Lall (2000:5) points out that, ‘If the learning period, costs, uncertainties and leakages are very high, coordination with other firms in the supply chain exceptionally difficult, or information, labor and capital markets particularly unresponsive, “difficult” knowledge may not be absorbed.’ Research should determine to what extent this applies to Africa, and how a more conducive learning environment for technological innovation and adaptation can be established.

6 Summary and conclusion

In Africa, the term or concept ‘entrepreneurship’ is often equated to self-employment. The term ‘self-employment’ refers to people who provide employment for themselves as business owners rather than seeking a paid job. In Africa, a large part of the self-employed is in the informal sector. Given the potential importance of self-employment for African economic development, it was the purpose of the present study to give an overview of the current state of entrepreneurship research in Africa based on the compilation of a bibliography of African entrepreneurship research. To our best knowledge this is the first time that such a bibliography has been attempted for Africa.

The study area included all the countries of Africa and to a certain extent also other parts of the world where academic and scientific publications appeared with regard to Africa. In total, just over 520 scientific publications on African entrepreneurship spanning the years 1963 to 2001 were identified. There has been a significant growth of entrepreneurship research in Africa since 1980. Between 1963 and 1979, only 54 publications, or an average of 3.38 per year, were produced. Since 1980, however, more than 466 or 89.61 per cent of the total number of publications identified in our bibliography were produced.

About 61.2 per cent of all African entrepreneurship research concerns South African entrepreneurship and small business. About 12 per cent is ‘general’, followed by research on Zimbabwe (5.0 per cent), Nigeria (3.84 per cent) and Kenya (3.65 per cent).

The themes that research on African entrepreneurship is taking are recognizing that government policy measures in Africa have a significant impact on the level and success of entrepreneurship. In this the research on African entrepreneurship is consistent with that from other regions (see, e.g., Storey, 1994; 2003).

Finally, African entrepreneurship research can benefit from additional research (a) to understand the behaviour of different types of entrepreneurs in Africa (e.g., nascent, novice, portfolio, habitual and serial entrepreneurs – see, e.g., Delmar and Davidson, 2000), (b) to determine the characteristics of entrepreneurial cognition in Africa (see, e.g., Baron, 1998) and (c) to investigate opportunity recognition and information acquisition strategies in Africa (see, e.g., Gaglio, 1997).

Acknowledgement

We are grateful to Werner Havenga for his research assistance and to two anonymous referees for their comments and suggestions.
Notes
2. Even the large firms in Africa are not very large by world standards and SMEs tend to be very small. For example almost 98% of all firms surveyed in 1997 in six African countries (Botswana, Kenya, Lesotho, Malawi, Swaziland and Zimbabwe) had less than 10 workers (Mead and Liedholm, 1998:63). In a survey of 143 manufacturing firms in Ghana between 1992 and 1994 Söderbom and Teal (2001) found that 81% of firms are SMEs and 53% employ less than 30 workers. Even in South Africa, with the largest business sector on the continent, SMEs dominate. It is estimated that in South Africa there are about 800,000 SMEs (Naudé and Krugell, 2002) which is about 95 per cent of the total number of firms (formal and informal).
3. Rodrik (1998) emphasizes that one should keep in mind that there were a variety of performances within the region.
4. Even in the USA there have been increasing concerns as to the ability of small firms to export. Ali and Swiercz (1991:77) find that ‘the small business exporting environment is more complex than previously thought and that future efforts to understand it will require, at minimum, a fuller examination of the interrelationships among size, export experience, and managerial attitudes’.
5. Clusters are geographically agglomerated industries, i.e. a high density of business activity, resulting in ideas and both cooperation and competition between businesses (Verheul et al., 2001:13).
6. Bourdieu (1985:248) defines social capital as ‘the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalised relationships of mutual acquaintance or recognition’.
7. In all parts of the world, economic development in tropical zones lags far behind that in temperate zones. The underlying reason is a backlog in productivity growth. Differences in productivity growth and innovation between temperate and tropical zones reflect the interplay of a number of factors. First, many kinds of agricultural and construction technologies do not transfer well between ecological zones. Second, temperate zones have long had much higher rates of endogenous technological change than the tropics. Third, the tropics pose inherent difficulties in agriculture and public health. Fourth, the tropics are disadvantaged because they are far from the large mid-latitude markets.
8. They find that only 19 per cent of Sub-Saharan Africa’s population live within 100km of the coast.
9. The costs of international transport for landlocked developing countries are on average 50 per cent higher than for coastal economies (Radelet and Sachs, 1998).
10. North (1958:537) remarked, ‘Revolutionary developments in transport have been an essential feature of the rapid growth of the western world of the past two centuries. Reduction in the cost of carriage has enabled specialization and division of labour on a national and international basis to replace the relatively self-sufficient economies that predominated in the western world two centuries ago.’

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Introduction

Women’s contribution to economic progress is increasingly being acknowledged throughout the world. The significant role of women in development has gained considerable attention in the last few years. Women, representing slightly more than half of the total population of the developing countries, are in a strong position to affect population trends and economic growth. Greater recognition of these factors has brought about some changes in the economic role and status of women, yet in many societies their control over their own lives remains relatively limited.

They are still at a disadvantage in getting the needed information and resources to work more productively or to improve their family’s welfare. Thus the World Bank has increasingly emphasized the need to involve women in the design and implementation of the development programmes so as to make them more active and effective participants in economic activities. And even where national policies encourage equality of opportunities, women still generally lag behind their male counterparts in educational attainment, earning capacity and other respects. These have partly been linked to some traditional constraints, which not only limit the supply of opportunities for women, but also limit women’s own demand for such opportunities.

It is as a result of this that this chapter examines the role of women in development using Bodija market in the southwestern part of Nigeria as a case study.

Markets in South Western Nigeria

Nigeria is divided into six geopolitical zones namely, Southwest, Southeast, South south, Northeast, Northwest and North central. South Western Nigeria, our focus, comprises mainly the Yorubas. Yoruba land is situated between latitudes 6° and 9° North and longitude 20° 30 East. Yoruba-speaking peoples are found in Ogun, Ondo, Oyo, Osun and Lagos states as well as parts of Kwara and Kogi states. They also inhabit a considerable part of the Republic of Benin. Yoruba, derived from Hausa coinage, ‘Yarriba’, seems to be inadequate for the widespread peoples so far referred to. Originally, the word was meant to refer to the Oyo Empire, which, as it were, gave rein to differing interpretations at various levels of scholarship. The Yorubas regard themselves as a distinct ethnic group. Recent historical developments, however, made the agglomeration of all the pockets of states (which are now unified) inevitable. Thus it has become practically acceptable that the numerous tribal groups are now referred to as Yoruba-speaking peoples.

The main occupations of the indigenous Yoruba society were farming, trading and craft. Leisure times were spent on playing ayo (a household game between two people) and hunting. Farming, as the most effective occupation for the young men and the elders, usually resulted in the production of saleable commodities. It is, however, important to
stress that various types of farming (cultivation and monocropping) were practised by Yoruba indigenous farmers. At first, farming was done at a subsistence level of production. By this is meant that individual families produced what was considered sufficient and satisfactory for its members because the population was sparse and controllable. Even when the population started increasing, individual farmers, especially those with a polygamous set-up, trained and encouraged their young folks in farming methods. Farming was, indeed, a dignified occupation for hardworking and energetic members of the indigenous Yoruba society.

The Yoruba word for market is *Oja*. The market in Yoruba land seems to have evolved and developed long after farming methods were perfected and practised in traditional Yoruba society. One thing is, however, certain: that the idea of the market was not alien to the Yoruba race. The idea of marketing may have started with the ‘barter system’. The individual farmer had enough to feed his family during the harvest season but, during a period of want, the farmer might encounter starvation. According to Duah and Osuji (1982), ‘Markets as a social and economic institution have long been recognized since the Stone Age, when man, in equilibrium with nature, was able to exchange certain commodities he had with those he lacked but needed.’

3 Origin of the Bodija market

According to the tradition of origin, Bodija territory used to be a ‘fighting arena’ and it derived its name from its use as a place where truants sorted out their differences through fisticuffs. Before the commencement of trading in foodstuffs in Bodija market, there were already in existence timber markets stocked away in a jungle where timber traders could make do with part-time small-scale farming when timber business was low. The timber market, though still located in its original territory, now competes with the constantly growing foodstuffs market known as the Bodija foodstuffs market. In actual fact, the timber market had even been called *Isopako* (a local name for timber market). The establishment of the Bodija foodstuffs market brought life to the timber market scene, not only in terms of population growth but also in the area of making the timber venture extremely enterprising. Today the Bodija foodstuffs market has overshadowed *Isopako* in all the ramifications of economic propensities.

Bodija market was established on 3 October 1987 as an emergency measure. Prior to the time of its establishment, three main markets had met the foodstuffs needs in Ibadan: *Dugbe*, *Mokola* and *Gege-Oritamerin*. The last mentioned was the most important foodstuffs market and it had a great many customers. The population became so large that there was a problem of space, not only for trading but also for parking lorries and trailers, which brought foodstuffs to the market. The result of the emerging situation (arising from population growth) was constant trailer accidents in the market. The frequent occurrence of accidents and loss of life led the state government to relocate another trading space for foodstuffs traders at *Oritamerin*.

The attempt to relocate the traders, when it was first mooted, in 1983 and again in 1984, was foiled by the traders who felt that they were used to *Oritamerin*, which was only a little distance from their homes in most cases. As a matter of fact, some traders sold their goods on their doorsteps and this had a great advantage in terms of protection of their goods, the opportunity to store their foodstuffs and the question of having sufficient time to rest without being exposed too much to the scorching sun or the drizzling rain, as the case
might be. The traders also feared the loss of customers who might find it difficult to travel
down to the new market location. Losing customers meant for the traders a reduction in
the sales of foodstuffs and profit.

On several occasions, the state government had applied sheer force to relocate the
traders from Oritamerin to the new market place, Bodija. Each time the traders were
driven away, they would reappear the next day to sell their foodstuffs at Oritamerin.
Besides using force, the state government explained the implications of thwarting its
orders and also promised the traders government assistance in making life meaningful for
them through provision of amenities to facilitate peaceful trading. The establishment of
Bodija market was born out of force rather than by the acquiescence of the traders at
Oritamerin. On 3 October 1987, an important day of resettlement and relocation (which
the traders usually enact ceremoniously), a handful of traders arrived at Bodija to com-
mence trading. The traders came from Oritamerin. The cattle traders were also resettled
in Bodija market. They had earlier operated in Sango. No sooner had the early settling
traders arrived at Bodija than others started to join them.

Initially, Bodija market started as an open market for foodstuffs. Gradually, traders
started erecting kiosks. At the time of its establishment, beans, rice, yam and palm oil were
on display. Other items on display were groundnut, vegetables, onion and pepper. Initially,
the market opened between 6am and 6pm. There was a ‘janitor’, who still exists today,
who usually drew the attention of traders to the opening hours of the market. This is one
of the features of Oritamerin which was brought to Bodija market.

4 Structures in the market

Structurally, Bodija market is unique among markets in Ibadan. Its uniqueness lies in the
fact that it is well laid-out and has very strongly built stalls arranged to facilitate easy
movement in the process of trading. Although each trader built his own kiosk at the com-
mencement of marketing in Bodija, it was not long before the local government came out
with a standard pattern. Each trader usually followed the pattern laid down by the local
government.

The layout of the market is such that each commodity has rows of stalls where prospec-
tive buyers could call to purchase their foodstuffs. There are sections for selling rice and
beans, yams, cassava flour and so on. The livestock market is located in the eastern wing
of the market. The abattoir is also situated along this wing. Over 75 per cent of the stalls
in Bodija market are lock-ups. Foodstuffs are stored in these stalls and, during market ses-
sions, they are opened with the foodstuffs on display in the threshold of the stalls. The
display often extends to the open space in front of the stalls, which is supposed to create
space for easy movement of callers at the market. A maximum of five traders are located
at a stall.

Open-space trading is very common in Bodija market. In fact, the local government
levies the occupiers of the open spaces in the market. Spaces are available in all sections of
the market with the exception of the lock-ups, which have been properly laid out. Hawkers
of various foodstuffs – vegetables and fruits – do have their busy time of trading in the
market. The open-space area of the market is the section where retailed foodstuffs are on
display. The lock-ups are supposedly meant for wholesalers in the market. The carriers,
alabaru (men and women) and cart-pushers (exclusively men) would bring foodstuffs from
the lock-ups (in bags) to the open space, awaiting the arrival of prospective customers.
The livestock’s section of the market is an open space with scattered wooden sheds typical of the traditional structures. Around the livestock section could be located the market for goats and sheep, mostly controlled by Hausa traders. This is the area where goats are slaughtered and sold. Vendors of cooked food are allowed to erect wooden structures around Isopako, which adjoins the foodstuffs market. There are also lock-ups for operators of restaurants and variety stores. Bodija market also has a shopping mall, known as the Adelabu Shopping Complex. There are numerous commuter buses and taxicabs plying various routes leading to the market. Each route has a motor park located in different sections of the market. In a nutshell, Bodija market has a good transportation network for the distribution of foodstuffs to all corners of the city. Each of the motor parks has a structure used as an office by the executive of the transport workers’ union.

5 Literature review
Prior to the advent of colonization in many third world countries, the family was the economic unit of production. The division of labour and/or responsibilities was well defined between sexes and among age groups. In the traditional African societies women were exploited more, especially in polygamous families.

However, the advent of colonialism, which brought along with it the introduction of capitalism, led to radical changes in the indigenous social structures. The new market economy, the expansion of mission-oriented western education, Christianity and an increase in rural–urban migration were major forces in the transformation of the traditional societies and the accompanying changes in the status of women. Education broadened women’s view beyond the limitations of petty trading and the backbreaking work involved in agriculture.

Women’s food farming was carried on within the confines of powerful constraints. Technology was traditional and of low productivity. A field had to be left about every three years to allow the land time to lie fallow. In areas where there is population pressure on land, the fallow period is often shortened, resulting in declining fertility and increasing problems from pests and plant disease. Modern technology, fertilizer, pesticides, improved storage, field-to-house transport and decent roads, which could help, were not really accessible by the women. All the modern technology has to be put in place or must be purchased. Rural women normally earn very little and what they do earn in most cases is spent providing the bare necessities of contemporary village life, such as salt, kerosine, cooking pots, school books and so on.

Most women cannot earn cash from export crops; these are believed to be men’s crops belonging to the husband even when the wife does a considerable share of the work on their production. They also cannot find urban jobs. Wage jobs in the urban sector are a source of income, which is socially and culturally denied to all but an insignificant majority of African women.

Boserup (1970) confirmed the dominance of women in agriculture, when she asserted that women have played an important role in agriculture in almost every country in the world. African women, irrespective of their household, have been found to provide about 14 to 18 hours of productive physical labour in a wide variety of activities directly related to domestic work and agriculture.

Fapohunda (1983) contended that ‘women in southern part of Nigeria, like in many other parts of West Africa are not only responsible for the care of the home and children
but are also expected to contribute to their families’ income by engaging in farming, trading or crafts’. In other words, women have actively participated in activities that lead to the generation of income both for their immediate survival in the community in which they live and for the survival of their nuclear and extended families.

Newman (1984) is of the view that African women have always worked, both outside and inside the home in the area of agriculture, commerce and handcrafts. Traditionally, women are responsible for providing their families with food from their farming activities. They control most of the food production in many developing economies. For instance, Newman noted that sub-Saharan African women produce an estimated 60 to 80 per cent of all the agricultural output and 90 per cent or more of the food crops. This allows most of them to be actively involved in the processing, storing and marketing of the agricultural surplus.

Newman thus concluded that women play a predominantly active role in the agricultural and informal sectors of the economy compared to the men. Corroborating Newman’s assertion, Edet (1994) affirmed that in Africa it is widely accepted that African women are the backbone of agriculture, both for home consumption and as a source of income.

Goshen’s (1991) study also confirmed Newman and Edet’s view when, in her study of Cameroon women’s income-generating activities, she revealed that women in Cameroon entirely feed the nation. She found that women cultivate over 90 per cent of the food available to the household and they also contribute 42 per cent of the household income in cash value.

Despite the fact that women have displayed their dominance in the agricultural sector of the economy by being the major producers of agricultural products, they have benefited much less from agricultural extension contracts. In 1986, the Food and Agricultural Organisation (FAO) reported that women make up 80 per cent of food production in some countries but received only 10 to 20 per cent of the agricultural extension contracts.

Women’s significant role in agriculture also extends to the informal sector of the economy. It was reported that a significant percentage of women in developing countries are the wheels which keep the informal sector moving. Both urban and rural women are mostly involved in informal trading. Buttressing this view, Gay (1988) maintained that, in rural areas of Lesotho, women engage in beer brewing, particularly from sorghum, an ingredient easily obtained from home supply. He further reported that the rural Lesotho women gain cash income worth thrice the actual amount they put into the business.

In the same vein, Okojie’s (1974) study on the multiple roles of Nigerian women in the informal sectors found that Nigerian women provide essential services to consumers through their activities in markets, roadside kiosks, restaurants and tailoring. These women also serve as retail outlets for many manufactured products.

Another area in the informal sector of the economy where women have played a dominant role is ‘street trading’. Ajala (1990) analysed this economic role of women in national development and noted that, by 1985, street trading had gained ground in most cities in Nigeria. He stressed that, through street trading, women satisfy local consumer needs easily.

The informal sector seems, therefore, to be an essential element for the economic survival of women, particularly in the developing and underdeveloped countries. Fapohunda (1983) thus concluded that there is probably a serious underenumeration of women’s income-generating activities in some West African countries. He warned that the differences in
women’s labour force participation rates might not be as great as they seemed from the published records.

Women have also actively played a significant role in the promotion of small-scale enterprises at national and local levels in almost all developing countries, particularly in Africa. They have engaged in these enterprises to earn income for themselves and their families. Small-scale enterprise in Nigeria, for instance, has had a great influence on the socioeconomic lives of both rural and urban dwellers. It was reported that Nigerians’ interest in small-scale enterprises dates back to the pre- and post-independence era. Non-farm rural enterprise, developed more in Nigeria than elsewhere in Black Africa, is an important activity in both Northern and Southern Nigeria. This was also supported by a rural economic survey conducted by the Nigerian Federal Office of Statistics in 1964. The survey estimated that 900,000 households were involved in cottage industry enterprises, the vast majority of which used hand tools and relied entirely on their women for financial resources. Nigerian women have played a major role in this regard.

Most rural women joined the fish industry because of the low capital requirement for fishery. Omilaju (1984) in his study of Oyo state in Nigeria revealed that wives of fishermen generally take charge of their husbands’ catches. The fish traders, usually the fishermen's wives, buy all their husbands’ catches. During the day, they sell fresh fish and, between noon and evening, they engage in smoking unsold fish to preserve them. The smoked fish is then sold to passers-by on the highway, or to other retailers. Thus fish business provided women with an alternative income-earning activity.

In a similar study of Lesotho, Goebel (1992) revealed that women engaged in weaving, which has proved to be a profitable enterprise. The study reported that an expatriate woman, who not only sponsored it but also started with only four weavers, initiated the weaving business. This was quickly expanded to a total of over 100 employees. The women comprised widows, abandoned women and older women. They had limited access to field and livestock and most of them were breadwinners in their households. They usually trek to their workplace, weave and are paid on a monthly basis. Women interviewed reported positive remarks about their income and employment. According to them, weaving offered a better and more stable income than was generally available to rural women of their social and economic position. Goebel also revealed that other gains accrued from weaving were women’s sense of autonomy, self-esteem and entire lifestyle, which was enhanced through employment.

Training for most of these activities in the small-scale business takes a short period of time and, through the apprenticeship system, women constitute the majority of those engaged in this activity as a source of income.

6 Methodology and data analyses
This chapter utilizes primary data sourced mainly from questionnaires and structured interviews. This method was adopted because of the literacy level of the respondents. A total of 100 respondents were used as our sample size. They were selected using the stratified, purposive and simple random sampling technique. This technique involved dividing the market into blocks. Thus the main market of Bodija was divided into ten blocks, from each of which ten respondents were drawn at random. The purposive sampling technique was used in selecting the market women leaders.
6.1 Socioeconomic characteristics of respondents

Figure 6.1 shows that there were more female than male respondents. Figure 6.2 shows the age group of the respondents. A larger percentage falls into the age group 20–39, which represents 50 per cent of the sampled population, while 30 per cent were between the ages of 30 and 39. This implies that most of the respondents are within the age groups that are the most productive in terms of economic contribution to national development.

Figure 6.3 indicates the marital status of the respondents. Those who are single constitute 49 per cent of the respondents, while the married constitute about 40 per cent. This implies that they can contribute to the development of the country irrespective of their marital status.

Figure 6.4 shows the religious inclination of the respondents: 70 per cent are Christians, 24 per cent are Muslims and 6 per cent are traditionalists.

From Figure 6.5, which shows the level of education of the respondents, the majority (55 per cent) seem to have below OND/NCE, while about 45 per cent have HND/BSc and above. This is typical of market men and women who do not require any formal education to start engaging in trade or buying and selling. This higher percentage of those having HND/BSc, MSc and above could be attributed to the large-scale unemployment in the formal sector, which made them resort to buying and selling as their means of livelihood.

Source: Computed from field survey.

Figure 6.1 Distribution of respondents by sex

Source: Computed from field survey.

Figure 6.2 Distribution of respondents by age
Figure 6.6 shows the income of the respondents. Determining the income of those who sell at Bodija market was a bit difficult because the majority of them do not have records of income and/or sales. Thus we could only report that they earn less than or equal to a specified amount per month. The figure shows that 33 per cent and 24 per cent earn less than N10 000, and between N20 000 and N30 000 per month, respectively, though this may be related to the type of activities they engaged in.

Figure 6.7 presents various forms of activity in which the respondents engage in the market. Most of the items are food, and they are either sold in bags, wholesale or retail. Most of the activities involve food products, but they have largely sustained the market men and women and have reduced their poverty.

Figures 6.6 and 6.7 corroborate Fapohunda’s (1978) assertion which stated that trading activities lead to the generation of incomes both for immediate survival in the community in which they live and for the survival of their nuclear and extended families. This assertion is as well supported by Newman (1984), who wrote that African women have always worked, both outside and inside the home, in agriculture, commerce and handicrafts.

6.2 Market activities of the respondents
Table 6.1 indicates how the respondents raise initial capital for the business they engage in.
Table 6.2 shows the reasons behind the respondents’ staying in the business. Many respondents indicate that they stay in business because of profit making and also to meet daily needs and contributions. This supports Fapohunda’s (1983) contention that women in the southern part of Nigeria, like women in many other parts of West Africa, not only are responsible for the care of the homes and children but are also expected to contribute to their families’ income by engaging in farming, trading or crafts.

Source: Computed from field survey.

Figure 6.5 Distribution of respondents by education

Source: Computed from field survey.

Figure 6.6 Distribution of respondents by income

Table 6.2 shows the reasons behind the respondents’ staying in the business. Many respondents indicate that they stay in business because of profit making and also to meet daily needs and contributions. This supports Fapohunda’s (1983) contention that women in the southern part of Nigeria, like women in many other parts of West Africa, not only are responsible for the care of the homes and children but are also expected to contribute to their families’ income by engaging in farming, trading or crafts.
Source: Computed from field survey.

Figure 6.7  Distribution of respondents by activity

Table 6.1  Distribution of respondents by sources of initial capital

<table>
<thead>
<tr>
<th>Source of Initial Capital</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal saving</td>
<td>41</td>
</tr>
<tr>
<td>Co-operative and thrift society</td>
<td>22</td>
</tr>
<tr>
<td>Loans from the bank</td>
<td>8</td>
</tr>
<tr>
<td>Loans assistance from husband and relatives</td>
<td>22</td>
</tr>
<tr>
<td>None</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 6.2  Distribution of respondents by reasons to stay in the business

<table>
<thead>
<tr>
<th>Reason to Stay in the Business</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit making</td>
<td>40</td>
</tr>
<tr>
<td>Husband approval</td>
<td>10</td>
</tr>
<tr>
<td>Healthy competition among traders</td>
<td>7</td>
</tr>
<tr>
<td>Opportunity to earn daily needs and contributions</td>
<td>43</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>
Most respondents indicated that they are full-time traders.

Table 6.4 shows the number of hours being committed to business daily, the majority working up to eight hours. This suggests that the business activities in the market are full-time affairs.

In Table 6.5 the majority of respondents indicate that their multiple activities do not conflict with one another, while 28 per cent indicated otherwise.

Most of the respondents indicated that they participate in the market union activities. This shows that more women participate in union activities.

Table 6.7 shows the level at which the respondents participate in activities. Though some of the women are part of the union executives, the majority are ordinary members of the union. Others participated in the union as members of the task force and ex-official members.

A larger percentage of the women (57%) indicated that they often engage in stiff competition with their male/female counterparts who trade in similar goods and services with them. This result is one of the main characteristics of modern societies’ competition, individualism and rational economic decision.

Table 6.9 shows that most respondents agree that the state of infrastructural facilities
in the market serves as a limiting factor in their involvement in development activities in the market. Infrastructure comprises good access roads, electricity, drinkable water and adequate shop space, which often encourages the growth of an individual business. Thus, when these facilities are available, individuals will be willing to contribute their share to economic development. Those who indicated otherwise could be those who have no need for these facilities to sell their goods.

Table 6.10 reveals that 71 per cent of the respondents asserted that the decision making in the market is participatory and democratic, while only 29 per cent believe that
it is not. The implication of this is that there is no gender bias in decision making in the market.

7 Conclusion
This chapter examined the role of women in development using Bodija market in the southwestern part of Nigeria as a case study. The study found, among other things, that the age of a person influences the kind of business he or she will be engaging in and this also determines his or her contribution to the national development. Also individuals can contribute to the development of their country irrespective of their marital status. It is also found that a majority of the respondents are educated (can read and write), though some market activities (buying and selling) do not require formal education as such. Nevertheless the economic depression of the country in recent times has led to many educated elites, especially women, to take to selling. This has cushioned the effect of large-scale unemployment. It is also revealed in the study that the initial capital for business is raised through personal saving, cooperative and thrift societies, loans from the bank and loans from husband and relatives.

The study also reveals the ways in which market women contribute to development through making adequate profit from sales, healthy relationships with other traders, improvement of family economy and participation in the cost of children's education and making sufficient gains for personal consumption. Most of the women also participate in the market union activities, which often involve addressing different problems of the market (development) and those (financial) of individuals. Also the state of infrastructural facilities in the market serves as a limiting factor in enhancing women's contribution to development activities in the market. The state of the infrastructure often encourages or discourages growth of an individual business. A majority of respondents agreed that the decision making in the market is participatory and democratic, which fosters the idea that women are partners in development and should be encouraged.

The chapter thus suggests, among other things, that the role of women in development could be enhanced further by encouraging women's education, technical and vocational skills; granting credit facilities to women at regular intervals with low or no interest; creating awareness programmes to enlighten women on their possible contribution to development through participation in activities around them and engaging in various businesses. The government should take the lead in legitimizing and supporting women's efforts to expand their food sales. Women struggle not only against serious technological and economic constraints, but also against both overt and covert male opposition, which can seriously damage or even destroy their fledgling economic enterprises; if the state leadership truly wants its food policies to benefit the rural poor as well as the cities, it must take action
that promotes and protects women’s food farming and trading; the cooperative unions should be reformed to overcome the persistent inequalities women face under traditional social relations of production. In other words, if women are to participate in and benefit from the development of their society, their opinions cannot be represented by the votes of their husbands or their fathers. Finally religion, which has been known to integrate people into the society, could also be used to seek solutions relating to the development of individuals and of society in general.

The chapter therefore concludes that women contribute to the development of the nation through their various activities of buying and selling most especially those in the market. Raising initial capital for the business could be through personal savings, cooperative and thrift societies, loans from the bank and loans from husbands and relatives. Profit making, a healthy competition among traders and the opportunity to meet daily needs and contributions to the family economy influence their decision to stay in business. Women’s role in development grows through participation in market union activities inasmuch as the decision making in the market is participatory and democratic. Also women’s interest could be activated in development through introduction of education, in either vocational or technical skills.

Note

References
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Omilaju, M.A. (1984), ‘Analysis of the structure of fish marketing and distribution in Oyo State’, research project, Department of Agricultural Economics, University of Ife, Nigeria.
Introduction
This chapter takes us to the former Belgian Congo, known for a period as Zaire, and now as the Democratic Republic of Congo. Its capital, formerly known as Leopoldville, is Kinshasha.

Entrepreneurship is increasingly viewed as essential to economic growth and social development (Leff, 1979). From its Schumpeterian perspective, entrepreneurship is a combination of already existing endowments to produce something novel. The ability to carry out such a combination is available in any society at any time and place. Indeed, as stressed by Baumol (1993), societies are not static, with each new day identical to the ones that have preceded. One can therefore affirm that entrepreneurial talents are universally distributed. But if this is true, why do some regions have more productive entrepreneurial activities than others? And why are some communities more entrepreneurial during some periods of time than at others? Responses provided by scholars to these questions are not simple. For Baumol (1993: 25), ‘how the entrepreneur acts at a given time and place depends heavily on the rules of the game’. Thus, depending on contexts, some entrepreneurs are productive while others may be unproductive and, even, destructive for their society. Therefore those who want to explain the higher entrepreneurial propensity of a given region or to improve the entrepreneurial propensity of a particular region must, in addition to exploring individual and cognitive aspects of entrepreneurship (Hayton, George and Zahra, 2002), explore the nature of the rules of the game that result in productive entrepreneurship and the circumstances that give rise to these rules.

For example, the apparent paucity of entrepreneurship in African countries has sometimes been attributed to mutual obligations of family relationships that frustrate the rewards for individual achievement. However, Marris (1967: 763–4) thinks that this widely accepted view is probably mistaken. Specifically, this author affirms: ‘Where patterns of family life in contemporary Africa seem to inhibit the exploitation of economic opportunities, it may not be because of attachment to an outworn tradition, but because these patterns offer the greater security.’ For other scholars, the apparent lack of entrepreneurial behavior in African countries could be attributed to conceptual tools used in examining the situation. Hyden and Williams (1994), for example, observe that in order to explain problems faced by less developed countries like the African ones, many scholars applied models derived from political economy or from the mainstream traditions of public welfare and rational choice analysis. With respect to results found from these models,
Hyden and Williams (1994: 69) affirm: ‘neither approach aided in accounting for the resilience of non-capitalist social formation in such areas of the world as Africa’.

Whether one attributes the paucity of entrepreneurial activities to the search for security in traditions or to the inappropriateness of approaches, the explanations above assume Africa to be a homogeneous entity and overlook differences in entrepreneurial activities between different African regions. It is therefore important to have a framework that can explain entrepreneurial activities for Africa as a whole as well as for its different parts. This chapter will contribute to closing this gap.

The chapter has five sections in addition to this introduction. First, it examines theories that identify sociocultural determinants of regional differences with respect to entrepreneurial activities. Second, it presents the methodology adopted. Third, the chapter presents the socio-economic background of Africa in general and of the Democratic Republic of Congo (DRC) in particular. Fourth, it examines the situation of Kumu society and presents particular examples of entrepreneurship. The final section consists of a discussion and conclusion.

1 Entrepreneurship and the socioeconomic environment

For some scholars, while the concept of wealth and of wealth creation is universal, the process is based on individualistic characteristics. Angle (1986: 293), for example, is representative of this view when he assumes, ‘the concept of wealth has very nearly the same meaning in societies as different as those of hunter/gatherer on the one hand and industrial societies on the other’. Angle goes on to explain surplus theory and states (p. 300), ‘What determines success in encounters in which surplus wealth changes hands? Personal characteristics surely. Some people are more eager for wealth than others, some are bright, others not; some are genial, others boorish; some able-bodied, others lame; in a word, some are lucky, others not.’

While recognizing the importance of individual characteristics, some observers ‘support the view that the perceived benefits of goods and services are strongly affected by endogenously determined social norms’ (Brekke and Howarth, 2000). What makes a person or society wealthy is not universal, it is socially and culturally determined. In the particular context of entrepreneurship, two streams of explanations, rooted in dependency and institutional theories, have been developed in studies stressing the sociocultural contingent factors.

The first stream, rooted in dependency theory, has two explanations: the first relates to the cultural endowment and the second to the situational disadvantage (Tsukashima, 1991; Dana, 1997). According to the cultural endowment explanation, also called ‘pre-disposition factors’ by Aldrich and Waldinger (1990), the allocation of special resources such as financial capitals, social relationships and location to a community can give rise to entrepreneurial activities of its members.1 Consistent with this explanation is the example of Model’s (1985) study where the high number of entrepreneurs from the Jewish community compared to the number from the Black and Italian communities in the New York City is attributed to their long history of mercantilism and their reliance on the support of co-ethnic members. Similarly the prominent position of the Ijebu community relative to other Yorouba subcultural groups in Nigeria has been explained by their geographical location, history and cultural values such as aggressiveness, sharp practices in trade, asceticism and cooperation against the outsider (Akeredolu-Ale, 1973). In the same
way, Kristiansen (2002) found that two Tanzanian entrepreneurs were successful thanks to their motivation to prosper, relatives’ and friends’ support, education, existence of needs at the grass roots level, and adequate handling of local needs and opportunities. Some studies that explain the paucity of entrepreneurial activities in an area by a lack of attributes considered as determinants of such activities are also part of this view. For example, despite the recognition of the existence of entrepreneurship in Africa for centuries, Takyi-Asiedu (1993) affirms that entrepreneurial activity in Sub-Saharan Africa is retarded by sociocultural factors classified under power distance, collectivism and confusion dynamism.

According to the situational disadvantage explanation of entrepreneurship, the appeal of entrepreneurial activities to some community members is that it is a survival strategy in response to some handicap or barriers (for example, discrimination based on race, or ethnic or religious belonging) erected by an intolerant society that excludes the community members from other opportunities, for instance, employment. An example is the predominance in California of Japanese in gardening entrepreneurial activities following, among other things, the hostility they faced before and after the Second World War (Tsukashima, 1991). Likewise the high number of Bamileke, a tribe in littoral Cameroon (Africa), in agricultural entrepreneurial activities has been explained by, among other factors, their belonging to an oppressed minority and their position as non-heirs owing to their junior position in families (Eckert, 1999).

The second stream of explanations, which has its roots in institutional theory, emphasizes the need of an organization (here potential entrepreneurs) ‘to respond to a variety of institutional pressures and demands embodied in regulations, norms, laws and social expectations’ (Goodstein, 1994: 352). Consistent with this explanation is a body of studies linking national culture to entrepreneurship (Hayton, George and Zahra, 2002). For example, Javillonar and Peters (1973) express their concern about studies that explain the apparent paucity of entrepreneurial spirit in Asian, African and Latin American countries using Weber’s and McClelland’s theories, when the basic assumptions and performance criteria of these theories are based on observations made on successful Euro-American entrepreneurs.

According to Javillonar and Peters (1973: 316), ‘explanations of differential levels of economic development of Western countries (especially the United States) and developing countries in terms of n Ach [the need for achievement] appear to ignore important cultural and social structural differences’. Also these authors affirm that individualistic orientation, self-reliance and independence that characterize orthodox entrepreneurship theory seem valid in Western societies where they are highly valued. But the validity of these same characteristics is questionable in most developing countries, ‘where social structural arrangements, particularly the extended family system, may inhibit the individualistic orientation and behavior largely observed in Western societies’. The aforementioned study of Takyi-Asiedu (1993) is an illustration of studies pertaining to this thought.

As stated by Baumol (1993: 30), ‘the rules of the game that determine the relative payoffs of different entrepreneurial activities do change dramatically from one time and place to another’. For him it is the set of rules, and not the lack of entrepreneurs, that explains the difference in entrepreneurial activities in space and time (ibid.: 25). Baumol goes on to say that, in a given space and time, people will avoid productive entrepreneurial activities
‘when the structure of payoffs in an economy is such as to make unproductive activities such as rent seeking (…) more profitable than activities that are productive’ (ibid.: 1). But unproductive by whose rules? It is important to remember that the game in a particular place may not be played according to Euro-American rules, and that what may appear to be unproductive behavior by those Euro-American rules may not be by the rules of the place in question.

In this chapter, we argue that the two explanatory streams for entrepreneurial activities presented above should be used together rather than separately. Our argument builds on a framework developed by Oliver (1991) and tested later by Goodstein (1994) and Ingram and Simons (1995). Oliver’s framework draws on convergent insights of institutional and resource dependence perspectives and allows for five competing strategic responses by organizations when they face institutional pressures. These five strategic alternatives are acquiescence, compromise, avoidance, defiance and manipulation. Transposed to the context of entrepreneurship, the framework can be used to predict, or identify, responses that a potential entrepreneur can give to environmental pressures from different sources such as the predominant orthodox entrepreneurial ‘rules’, the socio-cultural values from the community and the objectives and interests of other stakeholders (Anderson, Wingham, Giberson and Gibson, 2003).

Acquiescence is compliance or obedience of the potential entrepreneur to rules and norms that are accepted or taken for granted by the entrepreneurship orthodox theory. Compromise response results from the negotiation made by the entrepreneur between the orthodox theory, the socio-cultural values, and other stakeholders in order to find an accommodating outcome. Avoidance happens when the entrepreneur escapes both the orthodox theory and the contextual values by, for example, modifying his or her goals and activities in a way that may be unproductive for his or her society. Defiance is a response by which the entrepreneur ignores explicit norms of the orthodox theory and values of the environment or when he or she contests rules required by the two components. Finally manipulation is a response that happens when the entrepreneur adopts, without conviction or discernment, principles from orthodox theory or those required by the socio-cultural environment.

According to Oliver (1991), and with respect to entrepreneurial activities, the likelihood of adopting any one of these five responses is dependent on five factors. The first relates to the level of legitimacy and efficiency of the entrepreneurship in the community. The second factor is the number and diversity of constituents that exert pressure (here the orthodox theory, the socio-cultural values and other stakeholders) and level of dependency of the entrepreneur on each of them. The third factor, the content, is related, on the one hand, to the level of consistency between entrepreneurship activities and entrepreneurs’ goals and, on the other, to the discretionary constraints imposed on the entrepreneur. The fourth factor, control, relates to whether the adoption of entrepreneurial activities is legally coerced or is voluntary through the diffusion of norms. The final factor, the context, deals with the level of environmental uncertainty and complexity ( interconnectedness between factors).

For Oliver, acquiescence may take the form of habit, imitation or compliance. It occurs when factors one, four and five are high. Compromise may take the form of balancing, pacifying or bargaining while avoidance may be a concealment, buffering or escape. These two strategic responses occur when the first factor, the cause, is low while others are high or
moderate. Finally defiance may consist in dismissal, challenge or attack, while manipulation can lead an organization to coopt, influence or control the institutional source of pressures. Both defiance and manipulation are chosen when factors one, four and five are low.

In regard to Africa, Kanungo and Jaeger (1990) argue that people will massively adopt entrepreneurial activities if these activities have the potential to improve their wellbeing without conflicting with the politicoeconomical environment, the sociocultural environment and the internal work culture. In other words, acquiescence is more likely to occur when the cause (legitimacy and efficiency) and the content (especially the consistency) are high. Consequently the acquiescence of entrepreneurial activities may be increased by actions undertaken by the government and non-profit organizations to promote it, especially if the community is already involved in the market economy. However, if the community finds other activities with payoffs higher than those from entrepreneurial activities, its members will likely be attracted more by these activities even if they are not conducive to entrepreneurship and the presumed development that will result.

Participants in entrepreneurial activities and those that can influence these activities and/or be affected by them can be numerous and may include the individual, his or her immediate extended family and/clan/kinship group, the local community, provincial and federal (or national) organizations, international organizations, private organizations and non-profit organizations (Anderson et al., 2003). An entrepreneur’s background and experience, level of education and residence environment diversity (co-ethnic or mixed) affect the influence of particular constituents on the entrepreneur, and consequently the level of adoption of entrepreneurial activities. For example, a person living in a homogeneous ethnic environment will be more dependent on his or her ethnic community values than someone in a multi-ethnic environment. Therefore the former will be more captive to ethnic values than the latter. Likewise a person who has spent a great deal of time in a school where Western values, rather than one’s community values, are praised will be more likely to obey orthodox entrepreneurial ‘rules’ than someone who has been less exposed to such values.

Generally, entrepreneurial activities are voluntary and left at the discretion of entrepreneurs. Sometimes, however, they are coerced through legal means. For example, in order to promote indigenous entrepreneurs, some African governments have required foreign investors to include local entrepreneurs among owners. Often these foreign investors have simply included their workers or politicians among the owners to satisfy the legal requirement, without considering any entrepreneurial ambition in them. Other countries have used expropriation to replace foreign investors with indigenous owners. Such policies have rarely succeeded, as illustrated by the case of ‘Zairianization’ in Congo (Young and Turner, 1985: 343–50). Failure of such policies is no surprise. These types of ‘rules of the game’ do not encourage entrepreneurship. Instead, with few exceptions, sudden unearned income has reduced labor earnings and led to unproductive consumption that has soon exhausted the wealth transferred (Abrahamson, 1980; Imbens, Rubin and Sacerdote, 2001). In the next part of the study, the methodology to apply this framework to the African entrepreneurial situation is presented.

2 Methodology
To see how African communities have responded to external pressures with respect to entrepreneurial activities, we will first identify African entrepreneurial practices from
previous studies. Generally, studies on entrepreneurship have used success stories to identify factors explaining entrepreneurial activities (Baumol, 1993). Studies on entrepreneurship in African countries followed this practice despite its flaws (Shane and Venkatraman, 2000). Even so, an examination of communities considered as entrepreneurial and their external environment can help identify factors associated with higher levels of entrepreneurship.

Having looked at the factors associated with higher levels of entrepreneurship, we will now turn our attention to three communities in the Democratic Republic of Congo. The first two communities, Nande and Luba-Kasai, are often considered among the most entrepreneurial in the country (Young, 1965; MacGaffey, 1987). Data on these communities are gathered from previous studies. The third community, the Kumu in Northern Congo, is considered to be among the least entrepreneurial in the region. For example, MacGaffey (1987) did not find any firm owned by a Kumu among the 131 firms surveyed in Kisangani. This situation has been confirmed by our own observations in Lubutu, which is one of the most important urban centres in the region, located 250km from Kisangani (see Figures 7.1 and 7.2). Of the five medium-sized firms in Lubutu, only one belonged to a Kumu. Data on these entrepreneurs come from our own interviews and observations.

According to Mahieu (1985), the Kumu Society had 120,000 inhabitants and lived in the equatorial forest region located to the south-east of Kisangani, the third most important city in the Democratic Republic of the Congo. Lubutu is part of this region. In 1988, it had 66,973 inhabitants (4.1 inhab/km²), 99 per cent of whom were Kumu. The population is settled along four roads that cross the area: (i) the road towards Kisangani (asphalted, with twice-weekly passenger transportation to Kisangani); (ii) the road towards Bukavu (in the process of being asphalted), (iii) the dirt road, suitable for motor vehicles, to Kindu; and (iv) the dirt road, not suitable for motor vehicles, to Maiko.

This road to Maiko is the one along which we carried out our study. By contrast to the others, which go towards the urban centres, it finishes in a dead end at the Maiko River, 40km from Lubutu. During the five months of the study, we stayed in Twabinga, a village located on this road, 12km from Lubutu. During this period, we visited all the 32 villages located on the road from Lubutu to Maiko River. In each village, we gathered socio-economic data using unstructured questions and observations. Owner/managers of the three shops in the region were interviewed. Also we interviewed members originating from the community along the road, but who were living in Lubutu. During our stay in Twabinga, we participated in social events such as marriages and Christmas and New Year festivals. Our interviews and participatory observations allowed us to gather a great deal of information on the community.

3 African environment and entrepreneurship

Since Africa is not homogeneous and its people, communities and regions face different challenges, in this section we will limit our discussion to one region, Sub-Saharan Africa, excluding South Africa.

Entrepreneurship activities in Sub-Saharan Africa have followed the political evolution of this part of the continent. Four main periods can be distinguished: pre-colonial (before 1845), colonial (1845–1960), the period of independence (by 1960s) and the post-independences. During the pre-colonial period, according to Hopkins (1988: 13):

Figure 7.1 Democratic Republic of Congo
It is now evident that Sub-Saharan Africa was not isolated from the outside world, as once thought, and that African societies themselves were neither static nor wholly engrossed in subsistence economy. On the contrary, they were physically mobile and commercially adventurous, and sought to enlarge the extra-subsistence, market economy wherever they could.

The example of woman traders (Cordonnier, 1983) and that of Krio Diaspora (Lynn, 1992) of Western Africa illustrate the existence of commercial practices before colonization. However, Cordonnier (1983: 49) notes that the traditional African communities depended on trade only for goods that they did not produce themselves or did not find on the spot. According to this author, the trade belonged to the chapter of the foreign intertribal relations. This was due to the fact that, inside the tribe, exchanges were made by the principle of reciprocity that Hyden and Williams (1994) call ‘affection economy’. Moreover, such trade was a marginal activity, with a low social consideration. In fact, individual enrichment and personal initiative of those who were identified as merchants tended to be neutralized by the pre-established assignment of the business profit to the benefit of the whole community. It is important to note here that African society was mostly based on equality, and personal enrichment was not highly respected. As a result, trade was carried out for the profit of the group, which tended to neutralize the initiative of those who were identified as merchants. In this context, entrepreneurship, as taught by the orthodox entrepreneurship theory, was unknown. Nonetheless, some of the functions that are central to entrepreneurship, such as innovation, effectiveness and opportunity search could be found.

During the colonization period, some Europeans considered themselves, with respect to Africa, as being ‘harbingers of economic progress delivering the continent from backwardness’ (Hopkins, 1988: 14). Marris and Somerset (1971: 6) describe the situation in Kenya as follows:


**Figure 7.2** *Lubutu area in the north-east of the Democratic Republic of Congo*

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Colonization imposed upon Kenya a deliberately segregated European commercial agriculture, with its own mills, dairies, bakeries, food-processing factories, and its own urban centres, banks and commercial agencies. Africans worked in the farms, and made their home there as squatters—labourers. But by law they could neither own land in the European settlements, nor grow the valuable export crops on their own farms. This policy was grounded in the principle that European agriculture would sustain the economy, and develop the resources for a gradual civilization of African society, while in return the African population was to contribute its labour.

This situation was common throughout colonial Africa. In the Democratic Republic of Congo (DRC), for example, as Jewiewicki (1983) has observed, too little was done to encourage indigenous entrepreneurship, despite the introduction of waged jobs and a systematic monetary system of exchanges. Thus, in 1958, two years before the independence of the country, the indigenous people represented 99 per cent of the population, but they owned only 5 per cent of equities and 18 per cent of plants in the country (Kazadi-Tshamala, 1981). Furthermore the African elite and entrepreneurs were not equally distributed throughout different ethnic groups. MacGaffey (1987) notes that significant variation existed between ethnic groups:

Factors affecting these relations included a favourable geographical position in relation to colonial penetration, location near urban centres or on major commercial axes, and presence or absence of a particular form of political and economic organization. (MacGaffey, 1987: 81)

In addition to these natural or organizational factors, one must add that of being on favourable terms with the colonizers. Members of ethnic groups that were resistant to colonization did not have many opportunities to develop entrepreneurial activities.

As colonies were granted independence during 1960, efforts were made to promote the indigenization of entrepreneurial activities, as attested by the number of publications on the topic. To mention a few, researchers examined entrepreneurship in countries such as Burkina Faso (Labazee, 1988; Ouedraogo, 1995), D.R. Congo (Schatzberg, 1980; Bezy, Peemans and Wautelet, 1981; Biaya, 1985; MacGaffey, 1987), Republic of Congo (Devauges, 1977), Ghana (Garlick, 1971), Ivory Coast (Lubeck, 1987), Kenya (Marris and Somerset, 1971; Lubeck, 1987), Nigeria (Akeredolu-Ale, 1973; Nafziger, 1977; Lubeck, 1987) and Zambia (Beveridge and Oberschall, 1979).

To promote entrepreneurial activities, three main trends have been observed, depending on the countries involved (MacGaffey, 1987). The first group of countries, including Ghana, Tanzania, Guinea and Mali, adopted a socialist regime, which prevented the emergence of indigenous private entrepreneurs. The second group of countries, such as DRC, Zambia and Ivory Coast, facilitated the acquisition of wealth by those occupying political and other positions of power, again inhibiting the widespread emergence of indigenous African entrepreneurs. Finally the third group of countries, such as Nigeria and Kenya, deliberately attempted to nurture the growth of the private sector.

The first option preventing the development of indigenous private entrepreneurs and promoting equality through socialism has not been successful. For example, despite its success in the first years, the Tanzanian model failed to resist challenges from the external environment and was abandoned in 1990s. Caulfield (2002: 212) describes this situation as follows:

After a period of sustained growth post independence, the Tanzanian economy went into severe decline in the late 1970s and 1980s, which resulted in its ranking as the 14th poorest country in
the world, climbing to the second poorest by 1990. A number of factors contributed to this
decline, among them the oil price shocks of the 1970s, a fall in manufacturing output, the war
with Uganda and break-up of the East African community, and severe droughts. (. . .) In an
attempt to rebuild much-needed capacity and resources, the GOT (Government of Tanzania)
launched the Civil Service Reform Programme (. . .). Dismantling or privatizing the parastatals,
which had in many cases become grossly inefficient and corrupted, was an important part of
the reform programme. Another was the creation of executive agencies.

The second option allowing the political elite to own businesses did not work either, as
illustrated by the situation of the D.R. Congo (Zaire). Mukenge (1973) observed that in
this country 73 per cent of indigenous entrepreneurs had started business with money
earned legally or illegally from their waged positions, 20 per cent with money from rela-
tives and 7 per cent with the help of politicians, a former employer or another trader. He
also observed that the size of the firm was directly proportional to the level of position
previously held by the owner in a previous waged job. However, other studies have found
that the political aristocracy, instead of increasing entrepreneurial activities, preferred
ostentatious expenses and holding savings in foreign countries, behavior close to that of
and describes their situation as follows:

Those with ultimate political and economic power rapidly became fabulously rich by siphoning
off the state’s revenue for their personal benefit. (. . .) Many members [of this class of political
aristocrats] acquired productive holdings in Zairianization (expropriation of foreigner entrepre-
neurs for the benefit of indigenous ones), on a sometimes enormous scale, but they had neither
inclination nor the competence to maintain and develop them.

The third option gave rise to indigenous entrepreneurial activities, but they faced some
impediments too. For example, Marris and Somerset (1971) say that Kenyan entrepre-
neurs were typically intelligent, experienced and ambitious, but they were frustrated
because of the colonial civilization that dominated their childhood, the administrative
and political elite from whom they were excluded and the conception of success in their
society at large. With respect to the latter, Marris and Somerset (1971: 226) say that the
Kenyan entrepreneur ‘needs to prove that business can make a contribution equivalent
to education, and this concern for social usefulness, for business as a kind of produc-
tive knowledge, makes him identify his enterprise with the welfare of his workers and his
community’.

Overall, whatever the trend adopted to promote indigenous entrepreneurship, during
the early years following independence entrepreneurial activities had a lower status than
political jobs. Entrepreneurship activities were either an escape for politicians or a refuge
for those who could not have access to prestigious political positions. However, after many
years following independence, the status of entrepreneurial activities in society at large
changed with the emergence of genuine entrepreneurs. Taking the case of D.R. Congo
(Zaire), MacGaffey (1987: 1) describes this situation as follows:

A close look at Kisangani, one of Zaire’s principal cities, shows the emergence of some local cap-
talists without a position in the state. These entrepreneurs, both men and women, are investing
in productive enterprise for the local market, managing and expanding their businesses in ration-
al capitalist fashion, and reproducing themselves as a class.
In another study, MacGaffey (1983) describes how this group of traders could start businesses and take advantage of illegal trade in coffee, gold, ivory, papine, foodstuffs, beer, fuel and manufactured goods in the north-eastern part of the country. She affirms (pp. 351–2) that, by 1971, 60 per cent of Zaire’s ‘ordinary revenues were lost or directed to other purposes than the official ones’. Different studies have tried to identify the characteristics of these emerging entrepreneurs, their firms and their external environment. Kiggundu (2002) has carried out a comprehensive survey of these studies. He finds, among other things, that individual characteristics were important, but not sufficient to explain the nature of the success and that ‘ethnicity may be symptomatic of other variables more salient for entrepreneurial success’ (Kiggundu, 2002: 242). In addition, mixed results were found on links between entrepreneurs’ success and other organizational factors traditionally considered in the orthodox entrepreneurship theory as leading to success.

This may be an indication that the African entrepreneurship phenomenon may have some attributes that do not conform to the orthodox theory. Hyden and Williams (1994: 69) suggest that this is because the context in which it occurs is one of an ‘economy of affection’ based on the ‘network of support, communications, and interaction among structurally defined groups connected by blood, kin, community, or other affinities such as religions’, and that all this is rooted in the history of each place and its people and their responses to social and economic pressures from the environment.

A look at the behavior of Nande and Luba entrepreneurs, who were identified by MacGaffey (1987) among ethnic groups who had significant business activities in the city of Kisangani despite the fact that they did not originate from surrounding areas, could give a first illustration of this idea. Informal activities in the home territory of these ethnic groups have also been well documented by Willame (1984), especially in a detailed description of the exploitation of diamonds in Kasai and smuggling on the north-eastern Congo border.

Nande traders originate from the region of Butembo-Beni, located in the North Kivu province in the east of D.R Congo (see Figure 7.1). Traditionally the Nande had a stratified society governed by powerful chiefs called ‘Mwami’, who used to receive annual tributes consisting of goats, harvest, beer or money from regional subordinates. Their region is richly endowed for agricultural activities and mineral resources, including gold and tin. According to MacGaffey (1987), the rich endowment of the region in resources and its location close to the border has allowed Nande to become involved in long distance trade of agricultural produce (for example vegetables) to other Congolese cities such as Kisangani and Kinshasa and to take part in both legal and illegal trade of coffee and gold. Despite its resource endowment, the colonist and post-independence governments did not favor the Butembo-Beni region, except in regard to the introduction of crops for export market and mining plants.

The Nande are recognized for having resisted for a long period the colonist introduction of forced wage labour and taxation. They therefore fell into disfavour with the Belgians, who colonized D.R. Congo, and did not take an active part among the African colonial elite. The region was further disadvantaged with respect to education. As a result, after independence, the Nande were underrepresented in the national political scene.

Also, the Nande have been recognized for working together and having a higher level of solidarity. As MacGaffey (1987: 150) puts it,
This cooperation, reflecting mutual confidence and trust, is not restricted to the family, but can extend to friends. (. . .) Nande help each other in various ways to start out in trade. (. . .) In times of crisis Nande businessmen may lend each other money without interest. (. . .) Nande overcome transportation problems by helping each other in the truck breakdowns on the roads.

They are ‘heavily engaged in productive and distributive enterprises: ranches and plantations are productive; wholesales and retail trade and pharmacies are distributive’ (MacGaffey, 1987: 158). Their involvement in coffee smuggling and illegal gold trade is supplementary to the legal trade and has emerged as a result of the inability of the central government to control activities in the remote region of Butembo-Beni (see MacGaffey, 1987: 153 for details).

Their lifestyle is not very different from that of other African entrepreneurs. They develop signs of social distinction by building spacious homes, buying expensive furniture, cars and imported garments. Recognizing education as the entry path to the new dominant class in government and big companies, they send their children to the best schools in the country or abroad. They receive some help from the family in areas such as taking care of the children. In return, they assist the family in different ways, such as paying for clothes and supporting expenses related to studies for children in the extended family.

The second ethnic group that was dynamic in entrepreneurship is Luba, who originated from the Kasai region in the centre of D.R. Congo. Before independence, Hoskyns (1965: 7) affirms, ‘the Kasai-Luba took very easily to European ideas and education and were employed all over the Congo as mechanics, drivers, and clerks’. At the same time they maintained a strong tribal consciousness, as well as their language, wherever they went. Their dispersion throughout the Congo was as a result of the harsh conditions they had faced in their home territory, including invasions by neighbouring tribes, slave traders and the colonists. For example, the colonists considered the region surrounding Bakwanga (Mbujimayi) as a protected mineral region where any investment, except the exploitation of diamonds by one colonial company, was forbidden (Kambayi and Mudinga, 1991).

It is important to note that, in the traditional social structure of Luba-Kasai, in contrast with other surrounding tribes, the path to chieftancy and other higher ranks in the community was based not only on genealogical prescription, but also on a ‘judicious blend of prestige and purchase’, wealth and achievement (Young, 1965: 259). Harshness in the home region and traditional social prestige based on wealth rather than genealogy, taken together, could explain the fact that Luba-Kasai members adapted easily to the European style and gained a high status with employers during the colonial period (MacGaffey, 1987: 85). However, after independence, they faced pressure in cities where they were living from other ethnic groups throughout the country and the majority were forced to come back to Kasai, their home territory. The difficulties of resettling in a new environment, the war and different political events (for example, the secession of the province) led them to participate, legally or illegally, in the diamond trade and to undertake trading activities to supply the region with commodities.

Ostentatious expenditure, arrogance, self-sufficiency, endless pursuit of pleasure and permissiveness characterize the lifestyle of these traders, or at least of the majority of them (Kambayi and Mudinga, 1991: 92–3; Biaya, 1985: 68–9). They call themselves
‘Citanciste’ (meaning ‘wealthy’ or ‘successful people’). Biaya (1985: 70) describes them as follows:

The new riches are characterized by an eccentric way of life and lavish expenditures. They are recognized by their dandyism. When one of them will marry, they constitute a procession of bikes accompanying the bride in the family in law. At the bar, they offer beer to the poor. At the market or the restaurant, they offer cakes and meals to strangers. Finally, they clean their bikes with beer.4

They consider themselves to be more successful than educated people from school and universities, of whom they speak ironically, saying ‘Mfualanse mfualanga ani?’, meaning, ‘Speaking French does not mean having money.’ But by contrast, they send their own children to the best schools in the country or to Europe. They build spacious houses and buy expensive furniture like Nande, but they lack Nande’s sense of solidarity as they compete against each other.

From the evolution of African entrepreneurship as presented above, it is obvious that both the dependency and institutional forces were at work at different moments and in different places. Communities adopted different strategic responses related to entrepreneurship.

Before colonization, entrepreneurial activities were legitimated by the fact that they represented an efficient means for a community to supply products it could not produce itself. The exercise of entrepreneurial activities was consistent with sociocultural norms as the entrepreneurs worked for the community and the surplus was used for the whole community where equality was researched. Therefore acquiescence was the response of entrepreneurs to institutional pressures.

During the colonization period, the introduction of the salary and the increasing trend towards a market economy modified the environment. Entrepreneurial activities were not highly valued; the ideal for many indigenous Africans was to get educated and work for the colonizers. The indigenous faced conflicting pressures from multiple constituents such as the community and related sociocultural demands, the colonists and the rules required by the emerging market. In this context the strategic response of indigenous Africans to entrepreneurship was defiance and rejection as they ignored the rules and values of entrepreneurship orthodox theory.

During the independence period, the legitimacy and efficiency of entrepreneurship, as well as the number of constituents, increased. But the orthodox theory of entrepreneurship was not well accepted by the new rulers of independent countries and the constraints put in place to encourage compliance with these rules were weak or non-existent. The response to entrepreneurial activities was acquiescence through imitation of colonists.

After independence, the emergence of genuine entrepreneurial activities without a close connection to the political ruling class took diverse forms. For some, it involved compromise, that is, balancing requirements of the orthodox entrepreneurship theory with the socioeconomic environment pressures. For example, the Nande adopted entrepreneurial activities in response to their lack of access to other paths leading to higher positions (for instance, education) and in the face of neglect by political rulers. Entrepreneurship was legitimate in this community and took advantage of ethnic solidarity and abundant local resources. While not necessarily hiring members of an extended family in their organizations, nonetheless, entrepreneurs supported extended family members’ needs that could have a negative impact on their businesses (for example, supporting school fees).
For others, the emergence of genuine entrepreneurs took a form of defiance through challenge. The case of Luba-Kasai illustrates a challenge by those who could not succeed through education to those who had succeeded. However, in doing so, they adopted behaviors that are destructive for themselves in the long run despite a high level of legitimacy for these activities in their community.

These comments suggest that, in the entrepreneurship area, the cause and the content are the most important institutional factors that predict responses of the members of a given ethnic community. To deepen our understanding of this observation, however, we will examine the situation of the Kumu society as mentioned above.

4 Kumu society and entrepreneurial activities
4.1 The sociocultural situation in Kumu society

The population of Lubutu, the home area of Kumu, is primarily agricultural. The principal agricultural products of this area are rice, cassava and banana. Some industrial crops such as coffee and palm oil and some 30 other agricultural commodities are produced in small quantities (Sugimura, 1988).

In addition to agricultural crops, the population is also devoted to hunting, fishing and farming of goats, hens, ducks and some cows. All these regular activities are much disturbed as a result of gold and diamond digging by the segment of the population aged 12 to 45 years.

By 1988, Lubutu had two local markets, but neither of these was located on the Maiko road. In the city of Lubutu, there were five medium-sized retail shops, only one of which belonged to Kumu. In the whole Lubutu area, there were approximately 200 small retailers. Among these, only two were located on the Maïko road. These two small shops belonged to Kumu people.

The majority of the population belonged to at least one of the following religious groups: two traditional Christian religions (Catholic and Protestant), three messianic Christian-based religions (Kitawala, Idomu and Kimbanguists) and Muslim. On the Maïko road, for example, out of the 32 villages, we found Muslims in one village, Idomu in two villages, Catholics in 13 villages, Protestants in 13 villages and Kimbanguists in almost as many villages.

Apparently this population was very devout because, with regard to the Catholics, Protestants and Kimbanguists, for example, a whole working day per week was reserved to the parish. During the Christmas and New Year festival period, believers of each religious group used to take a week and gather at a chosen place. At these gatherings, vast campaigns were organized in order to gain money contributions and villages competed to collect the largest amount. For example, during the period of the festivals (1989/1990), the Protestant community had collected 55,605 zaïres, which was an enormous sum in this only slightly monetarized area. At that time, this amount represented approximately less than 300 kg of rice or approximately 250 banana bunches. It could also represent about half of the monthly wages of ten beginner professors at the University of Zaire.

Education was provided by the Catholic church. The education infrastructure included 19 elementary schools and four secondary schools, only one of which had a full cycle over six years. On the Maïko road, there were only two elementary schools.

In addition to this education from schools, the Kumu, in spite of their strong adhesion to the Christian and Muslim religions, remain very attached to the practice of their traditional initiation under the name of ‘gandja’ (Mahieu, 1985).
A government hospital and two private medical centres (one for the Germans who were asphalting the road to Goma and the other for the Protestants) were located in the city of Lubutu. The government hospital had one physician (instead of two officially on the schedule), a medical assistant, a nurse and 15 nursing auxiliaries.

The hospital used to receive an average of 20 patients per day, with 117 beds available. At first glance, this low number of patients is very surprising, but, after a close examination of the situation, this can be understood insofar as generally the hospital is deprived of drugs and, even when there are drugs, the population still does not have money to buy them. Instead, they often use ‘traditional medicine’ which, although very effective for certain diseases, proves ineffective for others. These can be treated very successfully through ‘modern medicine’. During our visit to the village of Mundo in December 1989, for example, we were informed that, in November 1989 alone, there were four children dead because of measles, and that the most recent immunization campaign in the area took place in 1970. The presentation of the socioeconomic situation of Kumu in the next section will allow better understanding of the choice made by people in this area.

4.2 The socioeconomical situation in Kumu society

In the Kumu community living alongside the road to Maiko, independent villages are juxtaposed to each other, in a kind of local political autarky. But in spite of this, they have a common history, a common dialect and a similar socioeconomical organization. To some extent, they have a collective identity.

At the time of the Arab occupation and European colonization that followed, these villages were gathered in more significant entities called ‘groupings’. The head of each grouping supervises ‘sultans’, who are the heads of villages. The sultan is not distinguished from the other subjects as is the case in other surrounding tribes such as the Nande, mentioned above. The sultan is a simple representative of the government and takes part in all the activities of his group. In the majority of cases, the inhabitants of a village are descended from a common ancestor and label themselves with the name of this ancestor, preceded by the term ‘Osuka’, meaning ‘grandson’. Within each village one finds several lineages which are also given the name of the ancestor, preceded once again by the term ‘Osuka’.

The socioeconomic organization in Kumu community is dominated by the notion of the ‘NTUA’ or ‘baraza’ in Swahili, both meaning ‘veranda’. But in the Kumu community, this term has much richer connotations. Indeed the ‘baraza’ is at the same time a unit of residence, an economic unit and a social unit.

At the level of the residence, houses of the village are laid out in two lines bordering the road that turns through it. Each ‘baraza’ occupies a particular space and, sometimes, identifies its unit by a hangar (also called ‘baraza’) consisting in a roof of straw supported by stakes. This hangar is built closer to the road (compared to the other houses) on a large space called ‘NTANGA’, meaning ‘prairie’. This hangar is used at the same time as a living room for all the men of the ‘baraza’ and their visitors or as a dining room. The houses of the members of the same ‘baraza’ are located side by side not far from the hangar.

On the economic side, the members of the ‘baraza’ choose their fields at the same place under the control of the oldest person. The land belongs to the clan and anyone is free to choose the field from the whole extent of the virgin forest, although the fallow land belongs to the member who had used it initially. Once the field is chosen, each member
works it with his wife. However, any member can take part in mutual aid between the members of the ‘baraza’, especially for hard work such as cutting down trees.

There is a division of work by gender (Sugimura, 1988). The harvesting of rice, for example, is work done by women. On such occasions, each woman can be helped to harvest by others from the ‘baraza’. Each helper receives at least one-third of the quantity she has harvested in compensation for the work done (payment in kind).

Concurrently with these activities of production, one should note, the ‘baraza’ is primarily a consumption unit. Indeed the members of the ‘baraza’ always take their meals together in the hangar. Thus each wife who prepares food separates it into three parts. One part is for the hangar of the adult men with the circumcised boys, the second part is dedicated to the married women and the third part is for the girls, non-married women and non-circumcised boys. The meals are taken in the hangar for the men and at the house of the oldest person of the ‘baraza’ for the married women. The third group takes meals at the house of the eldest person within the group. Any person who takes meals outside these places is regarded as miserly and is the subject of mockery and the sourest criticisms. Miserliness is regarded as one of the greatest vices that a person can have. According to Kumu members, this system makes it possible to ensure the safety of elders, patients, young single people and those who, for one reason or another, cannot have food.

From the social point of view, the unit of the ‘baraza’ appears at the time of marriage, of a disease, mourning or another problem of which one of the members is victim (e.g. imprisonment). On these various occasions, the various members do not hesitate to assist their relative either with money or with goods in kind, which can range from simple food to a goat.

The Kumu socioeconomic organization ensures a great safety to community members. It encourages individuals to remain very committed to their community. We were astonished to note that the majority of Kumu who had been in cities such as Kisangani finished, at the end of their career, by returning to their villages or localities nearby. Each member is more or less ready to work, not only to avoid being ridiculed or considered lazy, but also to be able to sell certain products of the field in order to buy manufactured goods such as pans, plates, salt, soap and, of great importance, women’s clothes. Sales are generally conducted outside the village but most often in the city of Lubutu or places where there is digging for diamonds and gold. This is understandable as everyone in the village has the same type of goods and, furthermore, if one loses something, one can easily obtain it free from a neighbour. It is quite obvious that this socioeconomic system cannot facilitate individual accumulation.

A chat with Mr Koboko in Twabinga (on 8 November 1989) may illustrate this situation. He knew all the members of his ‘baraza’ and could even give the addresses of those who were living elsewhere: one in Lubutu, two in Kisenge, three in Wanie-Rukula and one in Kisangani. There were only six members (adult men) of his baraza in Twabinga. Of these, he was the only one who had a crop field that year, as the five other members missed the opportunity to cultivate because of diamond and gold digging activities. All the baraza members ate the produce of his field. For him, each person had to keep his field just to make sure of having something to sell in order to buy clothes, salt, soap and other manufactured goods. Koboko had a sewing machine and was the only tailor in the village. Koboko affirmed that, if a member of the baraza bought cloth and some thread, he had the obligation to use his sewing machine and work the cloth for nothing for that
person. If the duty was due to someone from another baraza, but in the same village as Koboko, the client had to pay half the regular price. However, if the person came from another village, he had to pay the full price to Koboko. If a member of his baraza caught a wild animal after hunting, the eldest of the baraza had to cut it up and distribute parts to all the baraza members. However, if someone in the baraza found a diamond, the money from the sale of that diamond could be distributed to other members only if the value was important.

Again, with such socioeconomic organization, it is hard to have individual accumulation. That is why we were astonished to find two small shops on the Maïko road and a medium-sized one in the city of Lubutu, belonging to Kumu members. We will examine the profiles of the owners of these shops below.

4.3 Presentation of cases

The three aforementioned shops belonged to Kamino Salufu Amborigène, who resides in Mundo on Maïko road 24km from the city of Lubutu, Ngumiabo Alima, who resides in Olema 1 on Maïko road 14km from the city of Lubutu, and Akili Mali, who resides in the city of Lubutu.

First case: Kamino shop in Mundo

Born in Mundo village in 1942, this woman who owned the shop left her village at the age of ten to join her older sister who lived in the city of Lubutu with her husband. There, Kamino attended the two first years of elementary school.

In 1954, she left Lubutu for the city of Kisangani, joining another older sister married to the servant of a European working at the airport. But two years later (in 1956), she came back to Mundo, where she was married the following year to an agricultural agent. One year later, she was divorced and married a Muslim who kept a shop on the road to Bukavu, about 30km from the city of Lubutu. In this shop, Kamino was a saleswoman. This position had allowed her not only to learn the trade but also to hand over to her husband a certain sum of money. In 1970, she was divorced and returned to Mundo where, with the money saved up and a sum obtained following the sale of her mother’s rice, she began trading in the palm oil, which she used to buy in Mundo and resell in the city of Lubutu.

Finding that the oil trade did not bring in much money, she started buying rice in Mundo and selling it in Kisangani. From there, she brought back salt, salted fish, soap and so on. Unfortunately, in 1979, the Congolese government changed the currency without allowing enough time and opportunity for rural people to go into the large cities and exchange their banknotes.

All the money accumulated by Kamino thus became useless, as she had kept her worthless banknotes. Subsequently, she began preparing the indigenous alcohol commonly consumed in these villages and in areas where young people were digging for diamonds and gold. At the same time, she also started to cultivate rice. The sale of rice and indigenous alcohol enabled her to buy 25 grams of gold from diggers. She sold this gold in the city of Lubutu for 10 000 zaïres. This amount represented, at the time, almost the equivalent of the monthly salary of a professor beginning at the university. Her nephew (son of her older sister in Lubutu) started to go to Kisangani to buy manufactured products that Kamino used to resell in Mundo village. In 1987, they started a second shop in the city of
Lubutu. This shop was managed by a nephew who, in addition, continued to go to Kisangani to buy the supplies for the two shops.

However, from this year on, Kamino received the help of her younger brother who, using a bicycle, transported the goods from the city of Lubutu to the village, brought the money from the village to Lubutu, and acted as the salesperson in the shop at Mundo. The accounting system in the shop was reduced to recording the entry of goods and amounts of sales each day.

Let us point out that there is no written contract which binds Kamino to her nephew or brother. Moreover, the latter do not have wages although they can use the shops’ money for personal needs within acceptable limits. According to this woman entrepreneur, it is her marriage to the Muslim that has allowed her to think of being involved in trade. She went on to say, ‘in our village, anyone who has money either buys clothes or drinks alcohol’. At the time of our interview (10 December 1989), the goods in her shop (in straw) were estimated at Z1 844 970. (At the official price of Z35/kg of husked rice, this is the equivalent of more than 53 tons of rice on the open market but at the free market price of $200/kg, it is equivalent to 9 tons.) The average daily sales varied between Z15 000 and 40 000. Her customers came from villages within a radius of 20km. Competition came from an occasional travelling merchant. Her ambitions were to build a house of durable material and to open other shops. She continued to eat with the other members of the ‘baraza’. Sometimes she made gifts of goods from the shop to members of her ‘baraza’ and, from time to time, she gave credit up to a value of Z2000 per person.

To sum up, we are in the presence of someone who gained the business idea and knowhow from outside her ethnic community. On the one hand, she was using members of her family as cheap labour; however, on the other hand, her family also benefited from her trade. In spite of the failures and difficulties, transport and thefts, she persevered. She has the ambition to extend her business. Still, one wonders whether this business will have a bright future, especially after her retirement or death, because of the fuzzy situation regarding the relationship with the members of the family involved in the business.

Second case: Ngumiabo Alimasi shop in Olema 1

Ngumiabo was born in 1956 in Olema 1 and his shop seemed slightly larger than that of Kamino. After his elementary studies in the village 2km away from his own, Ngumiabo went to Lubutu city in 1975 to attend the secondary school, where he stayed just for one year.

Indeed, having noted that all his friends lived better thanks to the products of poaching, the young man gave up his studies to devote himself to this activity. In 1979, poaching was officially forbidden, but over three years, Ngumiabo had shot 23 elephants and sold their ivory at Z25/kg. With the money accumulated, Ngumiabo started his shop. He used to buy manufactured goods in Kisangani and sell them in his village. Unfortunately, the government decision, on 24 December 1979, to change banknotes without giving enough time to rural people to exchange their money, as mentioned above, put an end to his trade a few months later.

He then started agricultural activities and gold digging. These activities enabled him to earn Z12 000 at once. Using this money, he went back to his former trade. His wife helps him from time to time as a salesperson. However, he continues to buy gold from diggers and to resell it in Kisangani. Each month, he travels two or three times to Kisangani where he buys manufactured goods worth between Z400 000 and Z500 000. He continues to eat
in his ‘baraza’. In his shop, he sometimes gives credit to his ‘baraza’ members. He affirms that he has never had any problems being paid back. On some occasions, he has given goods to ‘baraza’ members free of charge.

To sum up, this entrepreneur received some information from friends that led him into business. Selling ivory and gold allowed him to meet people from outside his tribe (purchasers of gold and ivory) who inspired him to start a business. His first capital came from the traffic of gold and ivory. Although he kept a certain distance from the ‘baraza’ (in comparison with Kamino), he remains nevertheless committed to it; he still continues to eat with the other members and agrees to give them gifts.

Third case: Akili Mali shop in Lubutu  
This entrepreneur, in contrast to the two above, lives in the city of Lubutu where he has a medium-sized shop. This shop is part of a spacious house (10m by 8m) made in durable material with a covered roof of corrugated sheets. Akili Mali was born in Lubutu in 1948. He then moved with his family to Punia, a more important city, where his father worked for an important mineral company in the area that dealt in gold, cassiterite and wolframite. After four years of elementary school in Punia, Akili Mali went to Kisangani, joining his grandmother who was a trader in soap and beer. There Akili Mali finished elementary school. In 1964, the ‘rebellion war’ obliged Akili Mali to interrupt his studies at secondary school and to return to Lubutu. He then devoted his time to the extraction of palm wine, hunting antelopes and cultivating rice.

The money earned from these activities allowed him to start a trade in 1972, buying manufactured goods in Kisangani and reselling them in Lubutu city. His good relationship with the government agents responsible for the road repair allowed him always to travel free to Kisangani.

When the government decided to change the banknotes in 1979, Akili Mali had three shops located in different villages on the road to Bukavu. The government decision reduced his activities and he felt constrained to close two shops, keeping only the one in Lubutu city. His business was flourishing again by 1981. It was at this time that he built his house of durable material. This house is the pride of all Kumu. At the time the interview was carried out, Akili Mali had four wives, although only the first one helped him in his business. Two years earlier, he had received help from two of his brothers. However, he decided to give them money in order to start their own businesses. Unfortunately they failed after their starts.

At the time of the interview, Akili Mali was combining his shop activities with the trading of diamonds. Also he had just bought a sawmill in the surrounding area. He did not eat together with his ‘baraza’ members. However, every day, his wife used to send food to the ‘baraza’. If he were to die, he says, he would not respect the tradition of his tribe, which asks that the goods of the deceased be handed over to his maternal uncles. Instead, his seven children would have to share his goods among themselves. In this case, his four wives had to follow their children to enjoy the goods that they will have had.

To sum up, we have here the case of somebody who, early in his youth, lived for a while outside his ‘baraza’. He respects some traditional habits (for example, sending food to the ‘baraza’), but he is ready to reject others (for example, eating at the ‘baraza’ and the inheritance of his wealth). The source of the funds to start the business is once again personal, as in both the cases above.

It is interesting to note the importance played by relationships in the exercise of Akili Mali’s trade. The know-how of the entrepreneur was developed by doing, but his
entrepreneurial spirit was activated by his contacts with people outside his ethnic community as well as by his grandmother.

The social organization of Kumu community is highly collectivist and its economic system provides members with greater economic security. This environment more likely did not facilitate the adoption of entrepreneurial activities by members of this community, which has been opposed to external invasion in the past. For example, Kumu had a low level of education, a weak presence in business and gives strong support for a messianic movement such as Kitawala (Lovens, 1974) and Idomu. In addition, it has supported revolutionary movements following the independence of Congo. The coffee, diamond and gold trades played a very limited triggering role compared to the one they played in Nande and Luba communities. Thus, the three cases above illustrate the effects of introducing entrepreneurial activities in an environment that was apparently hostile to such activities. It is amazing to see that individual enrichment has been tolerated by the other members of the baraza.

As we have seen, the three Kumu entrepreneurs got the idea of starting a business thanks to the influence of people outside their own culture. Their initial capital was also provided by non-traditional activities in their community. But after losing their money in their first experience, they partially used traditional activities to fund their second start in business. They did not reject all sociocultural constraints that could be incompatible with business. However they behave as the sole owners of their shops even if some family members may play an unclear part in the business.

Coming back to Oliver’s (1991) model, one can say that these three entrepreneurs have made a compromise between their entrepreneurial activities and their culture. Their contacts with outsiders to their community has increased the legitimacy of entrepreneurial activities to their mind. They have by themselves increased the legitimacy of such activities in their community that tolerate their personal accumulation. They have adapted the content of entrepreneurship to their sociocultural community. However, the question arises, how far may this adaptation go? This is the question to which the material from the three cases could not give an answer.

5 Conclusion
Understanding the socioeconomic environment that impedes or facilitates entrepreneurship has always been at the centre of concerns among scholars and practitioners of entrepreneurship. In the Encyclopedia of Entrepreneurship (1982: 72), Shapero and Sokol asked, among other things, the following questions: ‘Which groups (social, cultural, ethnic, institutional, economic, regional, etc) produce entrepreneurial events? Which groups produce more entrepreneurial events than others and why?’ In the same book, Bruno and Tyebjee identified (p. 293) 12 most commonly cited factors essential to describing the environment for entrepreneurship. However, such factors generally fit existing situations and fail to explain emerging entrepreneurship in new and different environments. Entrepreneurship is an eclectic concept and factors that contributed to its emergence in a given environment can be useless in another environment. That is why this chapter has aimed to understand the socioeconomic environment of entrepreneurship in Africa and especially in Congo.

Drawing on Oliver’s (1991) framework for identifying an agency’s strategic responses to institutional and resource dependency pressures, the chapter has examined entrepreneurial activities in three Congolese communities: Nande, Luba and Kumu.
Entrepreneurial activities flourished in the Nande community as an alternative to the exclusion of the whole community from colonial and political opportunities. Nande entrepreneurs took advantage of local resources, ethnic solidarity and the opportunity provided by national and international needs.

Dynamic, but limited, widespread entrepreneurial activities in the Luba community emerged as an alternative to success for those who had not been successful through the more prestigious path of school education. Luba entrepreneurs took advantage of local resources and needs. However, the traditional social system did not favour solidarity among entrepreneurs. Furthermore the desire to show that the entrepreneurial path was as valuable as school education led people to adopt behaviors that limited the expansion of their businesses beyond the survival level.

The few entrepreneurs in Kumu community emerged from the influence of people outside the community. Their first capital originated outside the community or from non-traditional activities. Their socioeconomic structure offered collective security, which did not facilitate entrepreneurial accumulation. However, once entrepreneurial activities had started, traditional activities were able to provide capital to relaunch failing businesses. The success of such businesses required a compromise between the orthodox theory of entrepreneurship and the community requirements.

Overall, the situation in the Democratic Republic of Congo shows that, if the external environment is overconstraining, as was the case during the colonization period, entrepreneurial activities are very limited. If, by contrast, the external environment is undermined, or if its constraining conditions are simply removed without discernment to the other dimensions of the shortage in entrepreneurial activities, results will not be superior. This means that entrepreneurship is more than just a behavior that may be adopted by government decree. It is a way of living that necessitates internalization of its principles and their adjustment to the socioeconomic situation of the community.

In Oliver’s (1991) terms, it is important to increase the legitimacy of entrepreneurship in the community and to demonstrate its efficiency while improving its consistency with the values of the members. This pleads for an adjustment of the principles of the orthodox entrepreneurship theory to contextual environment instead of considering them as a universal panacea.

Notes
1. The cultural endowment should be considered in a broad sense that includes, for example, both the cultural explanation in a restricted sense, the middleman minority phenomenon, and the enclave economy existence as explanatory circumstances of ethnic entrepreneurship (Waldinger, 1986).
2. The expression ‘orthodox entrepreneurship’ is used in this chapter to designate the dominant entrepreneurship theory rooted in Weber’s thesis and similar developments on the relationship between culture and entrepreneurship on the basis of observations made in Western countries. The expression has been used by Dana (1997: 60) for a similar content, but adapted to the context of ethnic entrepreneurship where it means entrepreneurship spirit prior to migration, in contrast to that arising in response to specification of the immigrant situation.
3. For more details on this topic, see MacGaffey (1987: 143–64).
4. We have made a free translation of the French text.
5. At the time of our visit on 5 January 1990, for example, we found only 18 patients.

Bibliography


Lovens, M. (1974), La révolte de Masisi-Lubutu (Congo Belge, janvier–mai 1944), Brussels: CEDAF.


Traditionally recognized by their distinctive appearance (see Figure 8.1), the Maasai are among the indigenous tribes of Kenya. They reside in traditional homes and follow an age-old lifestyle. Attempts to ‘develop’ their pastoral production systems using Western concepts and models have typically failed (Desta and Coppock, 2003). However, they now find themselves faced with change because of the inexorable demands of modern life, with ever-decreasing land resources effectively threatening their culture and forcing them to seek other alternatives such as agriculture (Ndagala, 1992) and to some extent petty trade (Holland, 1996).

This chapter investigates the impact of entrepreneurship in the Maasai community in Kenya. It briefly analyses the Maasai culture in relation to their participation in the market economy. The literature review leads to the statement of the problem and two hypotheses: first, because of decreasing land resources, the Maasai would seek to develop enterprises as a source of income if capital were available; and second, education for the Maasai would facilitate change and diversification of income-generating
activities. The study is important considering that traditional grazing land is diminishing (see Figure 8.2). The data for the study were collected through a cross-sectional survey of 113 Maasai micro-enterprises carried out in four districts (Kajiado, Laikipia, Narok and Transmara) in late 2004. A multiple regression analysis model was developed using discriminant analysis. Although it was established that, given a choice, a Maasai would always invest in livestock, the model reveals change and possibly softening of their cultural stand. Virtually all those interviewed had livestock besides the business owned.

A changing way of life
For centuries, the Maasai have lived under a clan-based communal system in the area of Kenya’s Rift Valley Province (and south in Tanzania). In the past few years, however, they have started to embrace private ownership of their land resources. The change particularly affects their semi-nomadic way of life, which is in common with the movement of their livestock as the seasons change. Most of their expansive land is now divided into group ranches, schemes and privately owned small parcels. The new land management system restricts their movement because previously boundaries were ignored during dry seasons, allowing livestock owners to roam throughout the land in search of pasture.

It is the Maasai tradition not to deny anyone access to natural resources such as land and water. This socialist approach to life often puts the Maasai in conflict with their neighbours (those who have either purchased land from the Maasai or who acquired it
through private treaties during the colonial days in Kenya). In their thinking, when Mother Nature takes away the rains, everyone should understand the concept of sharing (Gluckman, 1965), especially for protecting their wealth—livestock. Privatization of land resources is in some Maasai quarters seen as the source of all their problems because wealthy individuals (not necessarily Maasai) are accumulating this resource, thus limiting their access to water sources and grazing areas. A further constraint is that many designated game reserves fall within Maasai territory. Although revenue from tourism is supposed to benefit the community, it does not always trickle down to the bottom. Priority in the parks is given to wild animals, thus further reducing grazing areas (see Figure 8.3).

As it becomes increasingly difficult to keep livestock as the main source of income, some Maasai are looking for ways to supplement their sources of wealth. While some Maasai are venturing into agriculture against their wishes, others have started micro-enterprises. Most enterprises are those that either meet their local requirements (retail business) or that relate to livestock (sale of milk or hides and skins).

**Entrepreneurship**

The concept of entrepreneurship is fairly new among the Maasai. As Holland (1996) concluded, ‘One of the reasons why so few of the local Maasai tend to enter ventures such as the local retail business is because of the enormous difficulties involved in running such an enterprise surrounded by a network of immediate family, extended family, relatives and friends.’ It is extremely difficult for Maasai to run an enterprise in their home areas where it is hard to refuse credit and even harder to collect it once given (Holland, 1996, p. 202).

The traditional Maasai economy revolves around livestock. For centuries enterprise to Maasai was the use of livestock to barter for other goods (clothing, beads and, more recently, grain owing to changes in their diet) between themselves and other communities. Livestock is the centre of their social political and economic life. A Maasai prayer, ‘*Meishoo iyiook enkai inkishu*’ (‘May the Creator give us cattle and children’) demonstrates the importance of livestock to the Maasai economy. Note that cattle come before the children. Cattle are the most valuable of all Maasai livestock (Ndagala, 1992). Others are goats, sheep, donkeys and dogs.

Maasai elders as well as pastoralist researchers (Majok and Schwabe, 1996; Evangelou, 1984) oppose modernity as recognized by the Western world, which is changing towards a market economy where entrepreneurship is the key component of development. Changes are simply perceived as an interference with their strict social structure. Community roles are defined. Older men take the advisory role in their homestead, women build the houses and are responsible for childcare and all household chores, and young men are in charge of security. Young boys herd livestock (Ndagala, 1992).

**Property ownership**

For almost a century since the British colonized Kenya, the Maasai have refused to abandon their communal ownership of land resources. However studies (Fratkin, Galvin and Roth, 1994) show that many pastoralist communal systems have collapsed and are being incorporated into the national system of market economy. Indeed, through various government policy documents (GOK, 1969), most of the communal land was divided into group ranches. Some of these ranches have been subdivided into individual parcels of land,
and some individuals further divide their portions and sell them for cash. This is significant in many ways because it signals that the Maasai recognize the value of money and are actively seeking to acquire it. Furthermore they are now seeking to succeed individually in a highly competitive environment. These are the principal tenets of capitalism and, as they become entrenched in the Maasai culture, it is only a matter of time before we will see many Maasai involved in entrepreneurship. As in any capitalist economy, the changes may not be a smooth ride for all the Maasai.

Figure 8.3  The Cheetah (photo by Léo-Paul Dana © 2005)
**Justification of the research**

The Government of Kenya, including its recent Economic Recovery Strategy Paper, places a lot of emphasis on the development of micro-enterprises as a vehicle for creating employment opportunities and eradicating poverty (GOK, 2003). Government programmes cover the whole country, and government policy must therefore look into ways and means of improving the livelihoods of the Maasai whose traditional economic method is under threat from decreasing land resources with an increasing population.

For example, the government is looking at making Kenya a newly industrialized country by the year 2020. Sessional Paper No. 2 of 1997 notes, ‘The major purpose of this Sessional Paper is to set out national policies and strategies that will lay the foundation for the structural transformation required to enable Kenya to join the league of Newly Industrialised Countries by the year 2020’ (GOK, 1997, p. 1). This goal can only be achieved and sustained if entrepreneurship is encouraged as a way to enhance economic development.

**The problem**

The problem facing the Maasai is increasing poverty resulting from growing threats to their sources of income. This is very much in evidence right now. Even as this study was being conducted, the Maasai clashed with the police several times, demanding that the land leased to Europeans at the turn of the twentieth century be returned to them since the leases have expired (Daily Nation, 25 August, 2004). Their leaders argue that, while they may not recover the land, the need to renegotiate and at least be compensated is apparent. As a community the Maasai need the resources to use for other alternatives such as business ventures since they can no longer viably keep livestock (Daily Nation, 26 August, 2004).

**Literature review**

The Maasai in Kenya are perhaps the most thoroughly studied pastoral group in East Africa (Destá and Coppock, 2003). Their transition from pastoralism to entrepreneurship has not received the attention it deserves, however. Destá and Coppock found that strong economic links between pastoral households and local towns, in the form of wage employment or petty trade, appeared to be limited and reflected the general isolation of the pastoralists from the development process. Similar findings are noted by Holland (1996) in Trans Mara District, where, in a local town of 24 shops, only three were found to be run by the Maasai. Even these three locally owned enterprises were actually run, ‘one by the Kikuyu wife of the Maasai owner, another by the Maasai/Kikuyu wife of a local Maasai, and the other by a local Okiek [hunter gatherers who still live in forests of the Rift Valley and are cousins to Maasai] man’ (Holland, 1996 p. 200).

While economic development has proved elusive in African pastoral systems, change is pervasive (Destá and Coppock, 2003). A comparison with the Kikuyu, Kenya’s largest tribe, is useful here. The traditional economy of the Kikuyu was founded on shifting agriculture, but – perhaps because the two communities established a symbiotic relationship largely based on proximity – there are a number of cultural similarities between the Maasai and the Kikuyu (Muriuki, 1974). Yet, despite the similarities, the Kikuyu are the
The foremost entrepreneurs in Kenya. This may be explained by the fact that the traditional Kikuyu agricultural production systems matched those of invading European capitalists. The Maasai way of life, on the other hand, was at variance with European systems of production. As the Europeans acquired land, Kikuyu agricultural opportunities were decreasing and the community was left with no alternative but to become squatters on large European plantations, thus marking the first wage-labour class in East Africa (Leys, 1975).

Although the Europeans managed to lease land (these are 99-year leases that have now expired and become the bone of contention between Maasai and large-scale farmers in Kenya) from the Maasai, they did not succeed in integrating the Maasai into their economic systems. Instead, the Maasai moved from the Laikipia area southward to present-day Kajiado, Narok and Transmara districts. The Maasai are no doubt at a crossroads. Their land is diminishing, some Maasai now value money and some of their kin have become profoundly individualistic. It is therefore, prudent to posit the following hypothesis:

**Hypothesis 1:** Because of decreasing land resources, the Maasai would seek to develop enterprises as an alternative source of their income.

Another comparison with the Kikuyu may also be instructive. Several factors may have helped the Kikuyu to fully appreciate settler economic systems. Chief among them was education, which the Kikuyu realized was the only way out of squatterhood (Gatheru, 1964). Further their acceptance of Christianity enabled them to build schools and training facilities, which they would use as vehicles of their own development. As a result, many Kikuyu learned to produce and trade in the monetary sector of the market, to the extent that the colonial government allowed them, and were able to amass significant wealth and power (Leys, 1975).

The Maasai, on the other hand, clung to their traditional way of life, for which colonial education was irrelevant. Unfortunately for the Maasai, the education divide now excludes them (Holland, 1996) from participation in wage employment and other opportunities in Kenya. This is true even in their own districts and home areas, as observed by Holland (1996, p. 204): ‘formal employment and commercial trade has [sic] provided only modest sources of employment for the Maasai. Interestingly, even in the area of employment, the informal sectors associated with the livestock sector continue to play an important, if not a predominant, role’.

Except for Laikipia District, which has a significant Kikuyu population, all other heavily Maasai districts lag behind the national average in terms of enrolment in key levels of education in Kenya. Whereas the national adult literacy rate stands at 71 per cent, among the Maasai it is at 48 per cent. Enrolment at primary school level in Maasai districts averages 60 per cent, compared with the national average of 82 per cent. Maasai districts also perform poorly in terms of GDP per capita with an average of $666 compared to a national average of $1022.

The above leads to a second hypothesis:

**Hypothesis 2:** Education for the Maasai would facilitate change and diversification of income-generating activities.
If entrepreneurship, finance, technology and market are the four cornerstones of an enterprise, ‘education and training’ is the cement that holds it together (Enterprise Development Website, 2000). Therefore it is imperative that, as the government guides the Maasai toward change through various policy statements, education becomes paramount. A number of studies have shown that education and training provide the framework for small business development (Wilkie and Young, 1971; Barro and Lee, 1993; King, 1996).

Method
This study covered 113 Maasai-owned enterprises in four districts of Rift Valley Province of Kenya in an effort to understand indigenous enterprise characteristics in relation to what are considered normal attributes of micro and small enterprises (MSEs). The survey utilized a cross-sectional face-to-face interviewing method. A structured questionnaire was used to collect information during the month of August 2004. In total, 130 firms were sampled from various commercial clusters, of which 113 formed the basis of analysis. Sample units were selected from each cluster (the majority of MSEs in Kenya are found in small clusters in both small and major towns) within each district.

Male-run enterprises were randomly selected from each cluster. For female-run enterprises, there was a slight bias, so that in some cases the study team had to talk to all women entrepreneurs in any given cluster simply because only a small number of Maasai women run enterprises. On several occasions the study team dropped an interviewee for not being Maasai. The absence of efficient communication infrastructure within the MSE clusters confines research to the more expensive face-to-face method. This method has its benefits, however, including high response rate, especially in this case where the research team went to the interviewee’s workplace. In all the four districts, the study team reached more than 75 per cent of the target population on the first contact.

Study design
The study concentrated on districts that were predominantly Maasai, that is, Kajiado (on the outskirts of Nairobi), Laikipia (near Mt Kenya), and Narok and Transmara (within the Mara/Serengeti game reserves). Initially, we had planned to start our interviews with artifacts dealers in towns frequented by tourists; we abandoned the idea because identifying a true Maasai became a problem. From town to town we discovered that virtually none of the dealers was Maasai. These traders simply exploit the Maasai culture by wearing traditional Maasai attire to attract the tourist to buy products from them.

Field problems
We made a few changes to our approach in the field by insisting on having the family name of each interviewee and observing certain features and characteristics common to the Maasai. In Kenya family names easily tell the ethnic background of practically every Kenyan. The Maasai characteristically do not trust strangers, especially the ones probing their lives. In Dol Dol, a small town in Laikipia, we had to pay an assistant to help us to interpret responses and to assure the interviewees that we were simply researchers from the University of Nairobi and not the taxmen.

The Maasai seek to know the interviewer and establish some kind of basis on which the interview is allowed to continue. Consequently we experienced a good number of interviews that did not take off, possibly because we did not pass the test. In Narok, for
example, we managed only a few because our timing was wrong. Narok is the richest local authority in Kenya because it receives a portion of all revenues from the Maasai Mara Game Reserve. The expansive district also produces more than 70 per cent of the country’s wheat and barley. The majority of the Maasai here either benefit from leasing their land for agricultural activities or have started large-scale farming. Some group ranches (collective ownership of game land) receive benefits from the local authority. August is the time when the majority of people here receive payment for either their harvest or from land lease, therefore we were mostly perceived as having ulterior motives.

Demographic results of survey analysis
While these regions are predominantly inhabited by the Maasai, there are quite a number of immigrants from Central Province (the traditional home area of the Kikuyu) and there has thus been a lot of inter-marriage between the Kikuyu and the Maasai. The businesses were carefully identified to select only the indigenous Maasai people owning various businesses in these towns.

Over 52 per cent of the respondents claimed to speak Maa (the Maasai language) most often and only 47 per cent preferred Kiswahili as a language of daily communication. From the response it is obvious that the Maasai prefer dealing with their own and have not quite come out of their culture to exploit business opportunities in their midst. Virtually all the respondents said that they have not used English as a mode of communication in their businesses, yet their districts are the most frequented by tourists.

Overall, women formed 34 per cent of the business people interviewed and men made up the rest (66 per cent). Kajiado had the fairest distribution of the male–female ratio, at 1.27, followed by Transmara (1.9), Narok (3.75) and finally Laikipia (6.5). This may be explained by the influence of urbanization and the acceptance of modernization amongst the Maasai. Culturally Maasai women have less opportunity to engage in activities such as business. Kajiado is the most cosmopolitan of the study districts, given its proximity to Nairobi city and the many industries located nearby. Thus it is not uncommon to see women engaged in activities otherwise unimagined amongst the Maasai. Laikipia (Dol Dol) is the least accessible, hence the cultural influence in relation to business practice and gender.

Education amongst the respondents was generally very low, with less than half (45 per cent) having attained only primary education and about 10 per cent not having gone through formal education at all. About 27 per cent reached high school and 17 per cent received tertiary education.

Empirical analysis
The explanation of some of the Maasai characteristics is derived from basic analysis utilizing simple frequencies and cross-tabulations. To test the hypotheses, however, detailed analyses using both factor and discriminant analysis are used. Thus two variables were used as dependent variables in this study. The first is the preferred investment if financing is provided. Respondents were asked the following question: if someone were to provide financing in any project of your choice, which of the following statement represents your feelings?

- I will take the money and buy more livestock.
- I will take the money and expand my business.
I will not take the money if I have to pay it back.
I will take the money and start a completely new enterprise.
I do not know.

The second dependent variable is education. Three groups were created from the responses:

- primary education and below,
- some high school education, and
- high school and above.

Discriminant analysis was used to investigate this set of choices against several independent variables, some of which were created through the factor analysis. The most important independent variable of the study was the percentage of respondents who maintained their Maasai culture in a sea of change. The measure was obtained by matching the respondents with the percentage of those who kept livestock.

To measure the respondents’ perception of entrepreneurship, a cultural orientation toward success, opportunity recognition and the ability to manage a small business, an index using factor analysis was constructed. It included items asking the extent to which the respondent feels their national culture is highly supportive of individual success achieved through own personal effort, the extent to which the creation of a new venture is considered an appropriate way to become rich, the extent to which opportunities for the creation of new firms are available and the extent to which people know how to manage a small business.

Another additional independent variable that was included was the reasons why they set up the small enterprises they were running.

**Primary business engagement**

Most of the business entities have existed for a fairly short period. Over 51 per cent have been in existence for about four years and only 12 per cent are more than ten years old. Most are family-owned sole proprietorship units.

Virtually all the enterprises can be described as opportunistic, where 52 per cent of them touch on livestock. The remaining ones are in general retail (22 per cent), food (8 per cent), education, transport and recreation (14 per cent), and manufacture of artifacts (4 per cent). This last one is interesting: Maasai artifacts are quite popular worldwide, but very few Maasai engage in their actual manufacture and sale.

Most of the respondents (91 per cent) claimed to run their enterprises full time, with only 9 per cent operating on a part-time basis. In addition to the current business, 97 per cent of the respondents keep livestock, consistent with the Maasai culture. With an average number of employees at two, mostly the principal entrepreneur and one assistant, it beats logic how most of the respondents can claim to run their enterprises on a full-time basis while at the same time keeping livestock. However the study team established that, when it becomes a choice between business and livestock, a Maasai will always choose livestock. In Dol Dol, Laikipia District, for example, most of the enterprises remain closed at certain periods of the year when the residents migrate to search for pasture.
Factors influencing type of enterprise
Most of the people started the business in anticipation of ‘higher earnings’ (48 per cent), others started because they wanted a ‘change in lifestyle’ (20 per cent) and some sought ‘personal accomplishment’ (13 per cent). Going into business as a ‘contribution to community’ was least appealing. Other significant reasons for going into business include the unreliability of livestock trading owing to the adverse effects of weather; being independent; and being better than unemployed. A business such as sale of herbal medicine was mainly the result of family traditions and was passed on down the family line.

The choice of the type of enterprise was almost exclusively driven by ‘changing economic times’ (80 per cent). Livestock keeping has also been seen as risky in terms of dwindling profitability and shrinking opportunities in the industry, as in any other business venture, said Sarun ole Mepuk, a respondent who is trying to break ranks with his peers by setting up a private academy. Other factors include influence from relatives.

Relatives in business
Evidence of inter-marriage is further adduced from the observed presence of non-Maasai in the mainly sole-proprietorship business units (13 per cent). The relatives included non-Maasai parents, sister/brothers-in-law, niece/nephew and spouse.

Business skills deficiency
The single biggest deficiency was reported as ‘sales’, at 51 per cent, followed by ‘marketing’, at 21 per cent. Others include ‘management skills’ (10 per cent), ‘accounting’ (9 per cent), ‘business planning’ (6 per cent) and ‘employee motivation’ (2 per cent). This last finding is consistent with the surprises the study team encountered, especially in Namanga, Kajiado District, where a large number of women clad in Maasai attire persistently tried to sell their artifacts to us. Amazingly, none of them was really Maasai. Although poverty affects more than 56 per cent (UNDP, 2001) of Kenyans including the Maasai, it is rare to see the Maasai hawking (a common means of livelihood in Kenya’s major towns including in Maasailand).

Like any other entrepreneur, the Maasai are positive in terms of business future perception and would like to see their business expand in terms of sales and new markets.

Business obstacles
It was observed that lack of access to finances/money/capital (54 per cent) was regarded as the single biggest obstacle to starting and sustaining businesses. The fact that lack of finance is observed more in sustaining the business reflects the nature of the said businesses as not being self-sustaining and/or the lack of proper business skills among the owners, or the practice that, when it is time to follow the cows, they close the shop. Cultural inhibitors (6 per cent) were mentioned as especially affecting women since the business demands were great and this was in addition to their usual household chores. Some of the respondents (15 per cent) thought that lack of market for their products was the major obstacle.

Government regulations were seen as an obstacle in starting businesses mainly because registration and licensing processes are often slow. A small number of respondents (4 per cent) felt that risk in setting up was the biggest impediment. While others thought that the state of the economy hinders their progress, a few, especially in non-traditional
enterprises, felt that lack of qualified staff was the major obstacle in developing their enterprises.

**Financial support**

Asked to state whether they were aware of financial assistance available for Maasai people, none of the respondents was aware of any source of financial support or assistance specific to the Maasai people. The majority of the respondents, however, claimed that the Maasai could get money from their ‘family members’ (31 per cent), followed by ‘government’ (11 per cent). Very few (8 per cent) thought of getting financing from banks and other financial institutions. In terms of non-financial assistance available, 38 per cent of the respondents claimed there was none and 47 per cent did not know of any.

The majority (79 per cent) of the respondents used their own funds to start up their business. About 18 per cent obtained funds from friends or family. The contribution of government finance was seen as ‘critically important’ by more than 58 per cent of the respondents. However the majority of those who sought non-financial assistance from the government wanted training in business skills.

**Business attitude**

Asked what they would invest in if there was surplus in resources, only 18 per cent of the respondents would invest sudden riches in livestock. An overwhelming majority (73 per cent) would rather take the money and expand the business, and 8 per cent would rather take the money and start a completely new enterprise. Among those who said that they would expand their enterprises, the majority (87 per cent) were women, compared with 65 per cent of men who felt the same. Conversely, of those who said they would rather buy more livestock, the largest group (20 per cent) was men, against 15 per cent of women.

The majority of the respondents (64 per cent) preferred to call themselves 'self-employed' and 33 per cent ‘business owner’, with very few (4 per cent) saying ‘entrepreneur’. More than half (54 per cent) of the respondents thought that they were different from traditional Maasai, mostly because they embrace modernity more than their parents did.

**Discriminant analysis**

In applying discriminant analysis here (see Figures 8.4 and 8.5), the concern is to find an economical set of variables that yields a high rate of success in classifying respondents into their preferences if capital was not a problem on the basis of their characteristics as combined in one or more discriminant functions. In practice, discriminant analysis involves an iterative search for good discriminating variables and, in some instances, for optimum groupings of cases. After a series of tests, two sets of variables emerged as ones that could test the hypotheses. These were preferences of investment and education separately against entrepreneurship, culture, opportunities, management skills and reasons for starting the enterprises they ran. In the case of preferences and education, there seem to be meaningful differences among the groups on the variables, but as a rule the analyses usually converge on functions and classifications that are quite similar.

**How does availability of capital explain the preference of the Maasai?**

Tables 8.1 and 8.2 show the initial statistics from the preference for investment discriminant analysis. The eigenvalues here (purchase more livestock) account for 68.2 per cent of
the variance compared to the second (expand my business) and third (start completely new business) variates which account for only 31.8 per cent. Only purchase of more livestock is significant ($p < 0.1$); expanding the business and starting a completely new enterprise are non-significant, $p = 0.470$ and $p = 0.521$, respectively.
Table 8.3 gives the canonical variate correlation coefficients (factor loadings). Although our interests are in the first structure (using surplus income to purchase more livestock) none of the correlations is significantly large. However using the surplus income to expand business is very important because the value of the correlation is quite large (0.794). Nevertheless the Maasai here are not homogeneous in their thought with regard to what they can do with surplus income. Although we established that, given a choice, they would always opt for livestock, the finding here is significant in the sense that they could actually think of business expansion over and above expanding their enterprises.

The relationship between the variates and the groups is best illustrated using the combined-group plot (Figure 8.4). What is clear from the position of the centroids (big squares among the circles) is that vertically, starting a completely new business and expanding the existing business are closer to one another (in fact they are almost on a similar x

Table 8.1 SPSS output 1: preference for investment if capital is available (eigenvalues)

<table>
<thead>
<tr>
<th>Function</th>
<th>Eigenvalue</th>
<th>% of variance</th>
<th>Cumulative %</th>
<th>Canonical correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.156(a)</td>
<td>68.2</td>
<td>68.2</td>
<td>0.367</td>
</tr>
<tr>
<td>2</td>
<td>0.051(a)</td>
<td>22.5</td>
<td>90.7</td>
<td>0.221</td>
</tr>
<tr>
<td>3</td>
<td>0.021(a)</td>
<td>9.3</td>
<td>100.0</td>
<td>0.144</td>
</tr>
</tbody>
</table>

Note:  
(a) First three canonical discriminant functions were used in the analysis.

Table 8.2 SPSS output 2: preference for investment if capital is available (Wilks’ lambda)

<table>
<thead>
<tr>
<th>Test of function(s)</th>
<th>Wilks’ lambda</th>
<th>Chi-square</th>
<th>df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 3</td>
<td>0.806</td>
<td>23.212</td>
<td>15</td>
<td>0.080</td>
</tr>
<tr>
<td>2 to 3</td>
<td>0.931</td>
<td>7.638</td>
<td>8</td>
<td>0.470</td>
</tr>
<tr>
<td>3</td>
<td>0.979</td>
<td>2.256</td>
<td>3</td>
<td>0.521</td>
</tr>
</tbody>
</table>

Table 8.3 SPSS output 3: preference for investment if capital is available (structure matrix)

<table>
<thead>
<tr>
<th>Function</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurship</td>
<td>0.285</td>
<td>0.794*</td>
<td>0.439</td>
</tr>
<tr>
<td>Culture</td>
<td>-0.310</td>
<td>0.598*</td>
<td>-0.369</td>
</tr>
<tr>
<td>Opportunities</td>
<td>-0.350</td>
<td>0.516*</td>
<td>0.167</td>
</tr>
<tr>
<td>Reason for starting business</td>
<td>0.364</td>
<td>-0.372</td>
<td>0.601*</td>
</tr>
<tr>
<td>Management</td>
<td>0.558</td>
<td>0.305</td>
<td>-0.579*</td>
</tr>
</tbody>
</table>

Note:  
Pooled within-groups correlations between discriminating variables and standardized canonical discriminant functions; variables ordered by absolute size of correlation within function.
* Largest absolute correlation between each variable and any discriminant function.
axis) and that means there is no group difference here (significant but no correlation). Horizontally, however, variate 2 discriminates, not taking the money if they have to pay back, expanding the enterprise (most likely seen from the perspective of livestock) and buying more livestock from starting a completely new business (this was not significant but it had a high correlation and thus deserved some explanation). Variate 2 fits precisely the Maasai culture as we know it.²

What is the role of education with respect to diversification of income-generating activities among the Maasai?

Table 8.4 shows the initial statistics from the educational background discriminant analysis. The eigenvalues here (primary school and below level of education) account for 92.3 per cent of the variance compared to the second variate which accounts for only 7.7 per cent. Table 8.5 indicates that only the primary education and below level is significant (p < 0.000); some high school education-level groups are non-significant (p > 0.552).

<table>
<thead>
<tr>
<th>Function</th>
<th>Eigenvalue</th>
<th>% of variance</th>
<th>Cumulative %</th>
<th>Canonical correlation</th>
</tr>
</thead>
<tbody>
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<td>0.340(²)</td>
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<td>92.3</td>
<td>0.503</td>
</tr>
<tr>
<td>2</td>
<td>0.028(³)</td>
<td>7.7</td>
<td>100.0</td>
<td>0.166</td>
</tr>
</tbody>
</table>

Note: ² First two canonical discriminant functions were used in the analysis.

<table>
<thead>
<tr>
<th>Test of function(s)</th>
<th>Wilks’ lambda</th>
<th>Chi-square</th>
<th>Df</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 to 2</td>
<td>0.726</td>
<td>34.605</td>
<td>10</td>
<td>0.000</td>
</tr>
<tr>
<td>2</td>
<td>0.972</td>
<td>3.034</td>
<td>4</td>
<td>0.552</td>
</tr>
</tbody>
</table>

It is only the first (primary education) that is of interest here because some high school variates are not significant. The number of primary education group was more important in differentiating the three groups (because the correlation of 0.889 is greater than any other correlation in the structure matrix, as shown in Table 8.6). Education level among the Maasai is generally poor (Holland, 1996) and, at that level of education, it would be difficult for the Maasai to fully exploit or recognize opportunities that came their way.

The centroids here show that variate 1 indeed discriminates high school and above education from both primary and those with some high school education (see the vertical distance between these centroids). Although in variate 2 it seems as though it discriminates (see that horizontally the distance between ‘some high school’ and ‘high school’ is small relative to that between primary and the two other levels) from the rest, it was non-significant. Therefore education will play a key role in determining the future status of the Maasai.

Implications

The Maasai would prefer keeping livestock over developing an enterprise. This implies sustenance of their culture and acquisition of more land. The British colonial government
and the governments that followed after independence may have – rightly or wrongly – considered the Maasai ways of economic sustenance as a tribal system that would not enhance development in the country. The changes made thus far cannot be reversed. Weather patterns have altered and population has increased. The Maasai diet has changed, exerting pressure on grain requirements, in turn requiring more land for agriculture. Grazing land is decreasing and more Maasai are in wage-labour than ever before. Land is a fixed resource; if we were to reverse its current utility to its pre twentieth-century state, there would be more chaos than if we asked the Maasai to emulate the Kikuyu, for example, with whom they have lived, traded, intermarried and shared cultural practices since before the turn of twentieth century.

**Conclusion**

This chapter has provided an introduction to the indigenous Maasai and the involvement of their community in entrepreneurial activities in Kenya. Even though the land available to the Maasai is decreasing and they may no longer be able to own large herds of livestock, they have not diversified into other areas such as entrepreneurship. Those who have micro-enterprises (most of which are opportunistic types that cater for immediate needs and products of their livestock) have their focus split between their livestock and their enterprise. Results show that, if it was their choice, they would rather retain their traditional economic system instead of integrating themselves with the rest of Kenya in a market economy.

Respondents want change and training to grow their enterprises, but, on the other hand, their culture is more important. Very few of those interviewed have the education that can sustain a serious enterprise. Clearly, expanding opportunities for education is fundamental if government wants its poverty reduction policies to succeed – and this for all Kenyans, not just the Maasai. Poverty is one product of ignorance. Consequently the emphasis on development of small enterprises is not sufficient in itself as a means to reduce poverty. Education is necessary to enable the target population to recognize and exploit opportunities. The institution of free primary education in January 2003 was a major step in this direction. To succeed in pastoralist societies, where young children would rather herd livestock, it is necessary to go a step further: basic education must also be compulsory for all children in the country.

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### Table 8.6 SPSS Output 6: education levels (structure matrix)

<table>
<thead>
<tr>
<th>Function</th>
<th>1</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reason for starting business</td>
<td>0.899*</td>
<td>-0.158</td>
</tr>
<tr>
<td>Culture</td>
<td>-0.306*</td>
<td>-0.273</td>
</tr>
<tr>
<td>Entrepreneurship</td>
<td>0.166*</td>
<td>0.134</td>
</tr>
<tr>
<td>Opportunities</td>
<td>-0.107</td>
<td>0.865*</td>
</tr>
<tr>
<td>Management</td>
<td>0.141</td>
<td>0.366*</td>
</tr>
</tbody>
</table>

*Notes:* Pooled within-groups correlations between discriminating variables and standardized canonical discriminant functions; variables ordered by absolute size of correlation within function.

* Largest absolute correlation between each variable and any discriminant function.
Notes

References
Introduction
This chapter presents ethnographic accounts on Lesotho’s sociocultural and economic environment as an attempt to explain entrepreneurship or the lack of it in that society. Reflecting indigenous cultural values, exchange of wealth is culturally regulated in the economic system of Lesotho. Here a distinction is made between assets for personal use (which are transferable) and property with social value which, although maintained privately, is not freely sold. Unlike the situation in the many states where socialism was imposed by external forces and eventually collapsed, these socialist concepts in this mountain kingdom of southern Africa originate from within the culture. Lesotho’s socialism has been solely enforced by cultural custom rather than by political or military intervention and as such has gained strength for its survival today. This culturally enforced socialism contributes to the small business sector being unusual. The culture encourages entrepreneurship inasmuch as it values the accumulation of wealth; however the same culture hinders some aspects of entrepreneurial activity through value-laden perceptions of property. Based on ethnographic findings, this chapter illustrates the impact of culture on entrepreneurship in this landlocked kingdom. In this context, Western-style entrepreneurship development programmes are inadequate as the parameters of the culture are different.

Some cultures evidently do not value Western-style entrepreneurial behaviour. Becker (1956) noted that some societies consider business an unholy occupation, and therefore, in those societies, foreigners are required to be the entrepreneurs. The word ‘trader’ in the Javanese language is synonymous with ‘foreigner’, ‘tramp’ or ‘wanderer’. Peterson (1988) described Norwegian culture as another example of a culture which discourages entrepreneurship. In several cultures, entrepreneurship appears to be lacking. Brockhaus stated that ‘the culture of Egypt is such that a very weak private enterprise system exists except in the informal sector’ (1991, p. 81). In a study of ethnic self-employment in England, Reeves and Ward (1984) found that the proportion of entrepreneurs among immigrants from the Caribbean was one-tenth that of Cypriot and Maltese immigrants. Ward (1987) found the rate of self-employment among people of Caribbean origin in Britain to be less than half that of South Asians. Yet another empirical study revealing that some cultures are significantly less entrepreneurial is that of Boissevain and Grotenbreg (1987).

As shall be discussed below, the Basuto culture encourages entrepreneurship inasmuch as it values the accumulation of wealth. Ironic as it may seem, however, the same cultural values also hinder entrepreneurial activity because of cultural perceptions of property.
Methodology
The approach of Western research has often been marked by the problems of the particular intellectual situation from which it arose. This chapter, in contrast, takes the approach of that which is known in German as Wissensoziologie (the sociology of knowledge), with a concern for whatever passes for knowledge in the society under study. In Lesotho, for instance, it is common knowledge that culture prohibits the sale of a cow for personal gain.

Economic circumstance
Life in the villages of Lesotho has remained very traditional, virtually unchanged by economic, political or technological agents of modernisation. Many homes have no running water or electricity; nevertheless, televisions are very popular. For consumers with no electric power, Kiota Electronics (in Maseru) produces battery-powered television sets. The components are imported and assembled in a 500 square metre factory located at the Maseru Industrial Estate. A drawback is that these televisions have screens which are only 9 cm. wide. However, bigger screens would require more batteries, and hence more money.

Cultural regulation
In Western civilisation, it is implicitly assumed that wealth is measurable along a linear continuum, poverty being defined as the lack of wealth. Another common assumption is that poverty and wealth are opposites. This is illustrated by the Ferguson Folk Model (1992), which shows a linear continuum of wealth, with the poor at one extreme, the rich at the other and the average in the middle. The problem with such an approach is that it ignores the fact that, in reality, the exchange of wealth is culturally regulated. As discussed by Berger and Luckman (1966), reality is socially constructed and, as elaborated by Berger, Berger and Kellner (1973), social reality has an essential component of consciousness, involving the web of meanings that allow individuals to interact with society.

In mainstream societies of the West, all that which is defined as a commodity may be sold, but people cannot be sold. Likewise, traditional Basuto culture excludes cattle from the list of items that could be considered a commodity. Such beliefs are collectively adhered to in the shared core universe, which makes up reality for the indigenous people in Lesotho. Basuto culture dictates what is morally acceptable in that society and what may not be treated as a commodity. For this reason, it is essential to differentiate between types of property in Lesotho, specifically, property for personal consumption and property with social value.

According to the Basuto culture, a person may not freely convert between these categories of property. Assets for personal consumption are commodities which may be exchanged for property with social value, for example cattle (see Figure 9.1); however, indigenous cultural values have created a one-way barrier inhibiting a Basuto from giving up property with social value (such as cattle) in return for cash or for personal consumption property such as poultry. Property with social value, however, can be traded with other property in the same category.

Grazing animals are central to several principal needs in Lesotho: (i) transport; (ii) farm labour; (iii) fuel, from dung; and (iv) bride payments (see Figure 9.2). As well, cattle in particular serve as key symbols of cultural identity and prestige among the indigenous
Figure 9.1  Cattle can help with bride payments (photo by Léo-Paul Dana © 2005)
people here. Furthermore, cattle are associated with important tribal ceremonies, especially among the Vundle, an ethnic minority native to the Mjanyano Valley, which is in the south of the country.

Each owner of cattle is expected to lend his herd to other members of the community in order to plough their fields. Conversely, if an individual were to sell an ox for personal gain, this would be interpreted as a hostile act against society. Thus such animals serve as a symbol of cultural identity, and cultural regulation inhibits the convertibility of such property into property for consumption. Hence, many families have considerable wealth in grazing animals, but some of these families may be very poor in terms of living standards.

Similarly Basuto culture considers real estate to have social value, Lesotho being an agricultural country, and land is a means of production. Land, like grazing animals, provides security and prestige. According to the law in Lesotho, title to all rural land is vested in the Sovereign, on behalf of the people. Therefore fields cannot be bought or sold, and the same is true of homes built on Crown soil. While the pastoral land is communal, rights to fields are acquired through allocation, inheritance or bribery, as are rights to homes.

It is possible for a wageworker (often a migrant worker in South African mines), to build a fancy home on land to which he has rights. If he loses his job, however, he may
become poor in terms of property for consumption. He might not have money for food, yet the culture prevents him from selling his house, which falls into the category of property for social value.

Thus, owing to the lack of convertibility between types of property, it is possible to be wealthy in one type of property while poor in the other. Western societies measure the degree of wealth; in Lesotho, in contrast, it is important to distinguish between types of property, because it is possible to be very poor and wealthy simultaneously. This is shown in the schematic representation of Figure 9.3.

**The Basuto concept of entrepreneurship**

Although migrant labour has been Lesotho’s chief export, it is not the favourite of occupations. A miner subjecting his life to underground dangers cannot understand why his boss, who sits in an office, gets paid more, in a job involving neither unusual physical effort nor danger. It is not surprising that self-employment is preferred over mining.

Self-employed Basuto people raise cows, goats and sheep, in their alpine valleys. A herd may sometimes consist of several hundred animals, making it common for an owner to hire employees to take care of his livestock. Functions include counting the animals every morning; looking for those which are missing; watching the herd grazing all day; and milking the ewes as well as the cows.

This creates jobs within the workforce, which often includes children who perceive education as a waste of time. To the youth of Lesotho (see Figure 9.4), school is viewed as possibly leading to some unknown reward in the uncertain and faraway future; however working for a herder provides on-the-job training for a meaningful and lucrative career in the present. Such work has a culturally designed incentive, as salary is usually paid in livestock.
Figure 9.4  Why study? (photo by Léo-Paul Dana © 2005)
In other societies, sheep have a dual role; as well as providing wool to make garments and textiles, their meat is used for food. The reproductive nature of animals allows for a constant provision of these two basic needs, food and clothing, both of which can be used personally or sold. In Lesotho, however, there are negative connotations with using such animals to satisfy personal needs. Hence the offspring of a herd need not be sold for subsistence, and thus herds grow continuously. However the purpose of the herd in Lesotho is not economic as it has no monetary value; it simply enables its owner to participate more visibly in voluntary socialism. Such involvement is very different from that found in Angola, Ethiopia, Mozambique, Tanzania and Zimbabwe, where socialist measures were, at various times, imposed by their respective governments. For example, the government of Tanzania imposed collective agricultural settlements, whereas in Lesotho, voluntary socialism is a cultural tradition.

The agricultural sector
Over a century ago, Martin described the land of the Basuto people as follows: ‘so rich is the soil that the grain sown came up splendidly, and . . . heavy crops were yielded’ (1903, p. 32). The population was sparse (see Table 9.1) and harvests were plentiful; yet there were already more cows than men. Today, the land no longer provides enough for the expanding population.

The continuous degradation of Lesotho’s grasslands has become a major problem resulting from the cultural value system. The rise in numbers of people and animals has put much pressure on the land, thereby reducing the terrain suitable for grazing and food production. Contributing to land deterioration is the fact that dung is used for fuel rather than being returned to the increasingly depleted soil. Given the limited capacity of the agricultural sector to absorb the growing population, the official policy of the Lesotho government has been to move away from an agricultural base, and to pursue aggressive industrial progress through private enterprise, most of which has traditionally been foreign direct investment.

The Lesotho National Development Corporation
As recently as 1967, Lesotho had no industrial infrastructure. There were only four small businesses in industry, namely two printing shops, a building materials joinery workshop and a mini-pharmaceutical manufacturer. Subsequently, the government of Lesotho established the parastatal Lesotho National Development Corporation (LNDC). Its mandate was to act as the key catalyst in promoting industry and commerce in Lesotho. During its first years of existence, the LNDC established a

<table>
<thead>
<tr>
<th>Year</th>
<th>Native males</th>
<th>Native females</th>
<th>White males</th>
<th>White females</th>
<th>Coloured males</th>
<th>Coloured females</th>
<th>Cattle</th>
<th>Horses</th>
</tr>
</thead>
<tbody>
<tr>
<td>1891</td>
<td>105,205</td>
<td>113,119</td>
<td>343</td>
<td>235</td>
<td>103</td>
<td>77</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>1904</td>
<td>163,216</td>
<td>184,515</td>
<td>520</td>
<td>375</td>
<td>137</td>
<td>85</td>
<td>209,883</td>
<td>63,677</td>
</tr>
</tbody>
</table>

Source: Lagden (1909, 1910).
few small businesses manufacturing handicrafts, including jewellery, pottery and tapestries.

The late 1970s were characterised by a change in policy; the LNDC began a new function as a finance institution for development. Significant investment was directed towards the provision of fully serviced industrial estates, and factory buildings. As well, the LNDC poured considerable funds into concessionary loan finance and the acquisition of equity in joint ventures.

It then focused on promoting Lesotho as a desirable investment location for foreign investors, as opposed to helping the development of indigenous entrepreneurs. Indigenous retailers (see Figure 9.5) were not viewed as important, although they provided an essential economic function to society. During the late 1980s, a German finance company, Deutsche Entwicklungs Gesellschaft (DEG), acquired equity in the LNDC. Further support came from the African Development Bank, the European Investment Bank, the British Overseas Development Administration and the World Bank.

Under the auspices of the Ministry of Trade and Policy, the LNDC now offers a variety of services and financial assistance, providing training grants, legal services, loans, factory buildings, office space, retail space, labour recruitment and serviced industrialised sites. Furthermore the corporation participates in the equity of enterprises from various sectors, including beer-brewing, brick-making, ceramics, fruit and cold storage, fruit and vegetable canning, hardware sales, hotel and casino, importing and exporting, investment, leather products, manufacturing of fertiliser, manufacturing of paint, milling of maize, motor trade, retailing, security services and wholesaling.

Although some of the above have been profitable, the LNDC has incurred losses written off from dormant subsidiaries including Lesotho Brick & Concrete Products (Pty) Ltd.; Lesotho International Construction Company (Pty) Ltd.; Muluti Tanning (Pty) Ltd.; and Oxbow Enterprises (Pty) Ltd.

A relatively educated society
The people of Lesotho are, by African standards, among the most educated. Many are bilingual, speaking both official languages, Sesotho and English. The literacy rate for adults in Lesotho is over 59 per cent, the second highest in Africa.

As for higher education, the National University of Lesotho awards several degrees, including the Bachelor of Commerce. Furthermore the Institute of Development Management offers a variety of courses in administration, finance and management, and the specialised Centre for Accounting Studies provides a curriculum in accounting. In addition, training programmes are provided for employees of the parastatal LNDC.

In 1980, the Lesotho National Development Corporation established the Lesotho Skills Training Grant Fund. Its purpose is to provide skills for natives of Lesotho employed in the manufacturing sector; in doing so, the fund facilitates technology transfer, while serving as an incentive to foreign investors. Specifically enterprises creating new ventures in manufacturing, or expanding existing manufacturing projects, may apply for a non-repayable cash grant to cover 75 per cent of the cost of training employees in Lesotho. This includes course fees of a recognised training institution, wage costs of trainees while on training, travel costs and subsistence expenses if being trained away from home.
Toward the future

Although the LNDC was originally conceived to promote small business, its priorities have shifted in favour of attracting larger-scale foreign investment. Meanwhile micro-enterprise in Lesotho remains very small-scale, and usually informal. Operating in the
informal sector usually results in a lack of access to modern marketing expertise, yet Basuto people are reluctant to engage in formal enterprise.

Entrepreneurs establishing formal new ventures in Lesotho are subject to legal requirements; among these are the Companies Act No. 25 of 1967 and the 1984 amendment. Legislation provides for three types of formal enterprises: private, public and external.

- A private company is restricted as to the transfer of its shares. The number of shares is limited to 50, and the public may not be invited to subscribe for any debentures or shares of the enterprise.
- A public company is one which is open to shares.
- An external company is a body corporate which is registered or incorporated in an external nation under the laws of such a foreign nation.

In all cases, activities may not legally begin until the issuance of a certificate from the Registrar of Companies. Furthermore it is useful to note that there are strict labour laws in Lesotho; wages are regulated. For the typical Basuto, informal enterprise – such as grazing – is much less complicated and considerably more attractive, while a formal business would be considered less prestigious, according to their cultural value system which places higher value on quantities of property with social value.

The official policy of Lesotho has been to move away from an agricultural base, and to pursue aggressive industrial progress through private enterprise, most of which has traditionally been foreign direct investment. A problem is the limited capacity of the agricultural sector in Lesotho to absorb its growing population. With the exception of beer, the nation is dependent on imports for day-to-day existence.

Meanwhile cultural values among the Basuto are allowing traditional socialist concepts to survive into the twenty-first century, without political or military intervention. Tradition dictates that during the winter a shepherd may graze his herd in communal pastures near his village. As soon as the snow melts, in August or September, it is expected that animals will be escorted to communal pastures in the mountains. The rationale is that pastures are too valuable to be treated as personal property, and therefore are commonly held. In order for pastures near villages to be in a good state during harsh winters, these are off-limits during the summer months. When snow makes the mountains inaccessible, then all the herds graze in the communal land near the villages. Fields are not communal, but allocated. According to indigenous tradition and regulation, such property may not be traded at will.

While traditional socialist practices (such as sharing cattle or horses) are surviving, new factors of production, including manufacturing plants, are not being added to the list. In fact, Basuto people often refrain from formal entrepreneurship; with the exception of some indigenous manufacturing, industry in Lesotho has generally been dependent on foreigners, not only for capital and management skills, but also for markets and even inputs. Garment production, for instance, depends on imported fabrics.

The Basuto are willing to adopt some aspects of the West (see Figure 9.6), but on their own terms.
Figure 9.6  A taste of the West (photo by Léo-Paul Dana © 2005)
Note

1. Mofelehetsi (1979) provides an account of Mr Qhoqhome, manufacturing leather belts at his home in Katlehong Village.

References

PART III

ASIA
10 Traditional livestock production among Bedouin in the Negev Desert

A. Allan Degen

Introduction
There are more than 130,000 Bedouin in the Negev (over 86,000 in planned towns and the rest in spontaneous, non-recognized settlements) owning about 200,000 to 300,000 sheep. Many Bedouin families raise some livestock, mainly sheep, and about 1,000 families, most from non-recognized settlements, derive their main source of livelihood from raising livestock. More than 75 per cent of registered flocks have between 50 and 250 head of sheep. Over the years Bedouin have shown marginal profits and even losses in raising sheep. Nevertheless, household heads persist in raising sheep mainly for (1) maintenance of Bedouin traditional lifestyle; (2) a claim to the land; (3) some income, including household dairy products and meat; and (4) a means to hold their money. Bedouin appear to be integrating into the Israel urban economy while maintaining many of their cultural traditions. Nonetheless a small number of households will continue to practice agropastoralism.

The word 'Bedouin' is derived from the Arabic word *badawi*, man of the desert. Bedouin are envisioned as nomadic inhabitants of the desert, living in tents and depending solely on raising sheep, goats, and camels for their livelihood. In the past, they were known for their bravery and warring ways and claimed land by ‘force’. The nomads considered themselves as ‘true-noble’ or real Bedouin in contrast to those who were semi-sedentary and who practised both arable agriculture and livestock husbandry for their livelihood.

Approximately 1,000 Bedouin families, or less than 10 per cent of the Bedouin population in the Negev, depend on raising small ruminants (mainly sheep) as their main source of livelihood. Flock movement to available grazing areas is strictly enforced by government regulations and the grazing lands allotted to them are insufficient to meet year-round flock maintenance.

In the late 1980s, many *kibbutzim* and *moshavim* abandoned sheep raising because of rising input costs and falling sheep prices; however, Bedouin maintained their flocks. Surprisingly there are indications that they may even have increased their holdings. This has occurred in spite of marginal profits or even losses by Bedouin flock owners. Consequently, Bedouin raising flocks today are perceived both by government authorities and by the general public as living on both the economic and geographic margins of the Negev. This chapter examines (1) how Bedouin are able to support their households by raising sheep in a changing physical, economic and sociopolitical environment not conducive to this enterprise; and (2) why this enterprise is being continued by the Bedouin.

To answer these questions, I have been gathering data on livestock production and employment among Negev Bedouin from non-recognized localities (Degen, Benjamin and Hoorweg, 2000; Degen, Nunow, Zaal, Otieno and Hoorweg, 2001; Stavi, Kressel,
Guterman and Degen, 2006) and recognized localities (Degen, 2003) since 1990. Most information was gathered by structured interviews, personal observations and discussions with people dealing with Bedouin and from relevant literature.

Intensive surveys were done among six Bedouin families in spontaneous hamlets from 1994 to 1997 and among 24 families from 2002 to 2003. The selection criteria for households in the studies were (1) that the head of the household raised sheep, and (2) that the household was in a spontaneous settlement (hamlet). The households consisted of a husband (except in one case in the second study in which the husband was deceased), one to four wives and up to 21 children. Married sons lived close to their parents but their families lived as separate units and they managed their finances separately. Non-married children lived with their biological mother and were her responsibility. These children were considered part of the parental household involved in the management of the sheep and dependent on the income from them. In the first study, the six families were visited by the author usually at least once a week over the two years that data were collected. In the second study, the 24 families were visited by the author and a student once or twice monthly over the study period. Visits were made either to the hamlet or to the grazing area, depending on where the sheep were being kept.

Initially a questionnaire was used to record the family size (wives, children), status of each member (married/non-married, employment), number of livestock (sheep, goats, camels, cows, poultry, donkeys, horses), who worked with the livestock (family member, hired shepherd), material possessions (pick-up truck, tractors) and whether there was access to land and size of land for sowing and/or grazing. Once this was established, all management practices and transactions related to sheep production were recorded. Among management practices, the breeding programme, feeding regime, milking and milk products produced, shearing and wool production and method of watering animals were noted. The changes in sheep numbers and the reasons given for these changes (births, deaths, sales, gifts – given and received) and costs related to sheep production (veterinary costs, land rental, grain and fodder purchases, tractor and fuel costs, sowing expenses, water costs, shepherd wages) were recorded.

Financial transactions involving sale of sheep and feed purchases were more difficult to verify. The method employed was to ask the respondent at the time of sale and/or purchase and to question other household heads and traders with whom the investigator had established relationships during the study. A figure shown to be fairly accurate was used as the mean selling price. In general, the information given by the household heads was found to be accurate.

The Negev Desert
Situated in the south of Israel, the Negev (south or dry land in Hebrew) is part of the Sahara-Arabian desert belt, and has an area of 12 500 km². It is triangular shaped, lying between 29°29´ and 31°33´ north and 34°23´ and 35°24´ east, with its triangular point at Eilat. It is bordered in the west by the Mediterranean Sea, to the east by the Judean desert and the Arava rift valley, to the north by the 400mm isohyet and to the south by the Sinai desert (Boyazoglu and Flamant, 1990). The Negev can be divided into two main climatic regions according to annual rainfall: a northwestern region where rainfall decreases from 400mm in the north to 200mm in the south (at Beer Sheva) and a southeastern region where rainfall decreases from 200mm in the north to 40mm in the south (at Eilat). In both
regions there is considerable variability (coefficient of variation 30–40 per cent) in both rainfall distribution and quantity among years. The northwestern and southeastern Negev are considered semi-arid and arid Mediterranean climate zones, respectively. Relatively flat plains with deep loess soils characterize the northwestern region while the southeastern region is mainly a hilly desert steppe (Noy-Meir and Seligman, 1979).

Rain occurs in winter from late October to late April, with most of the rain falling from December to February. Mean seasonal air temperatures are 5.4°C to 18.5°C (minimum and maximum) in the winter and 15.8°C to 33.9°C in the summer. However frost can occur in winter and air temperatures can reach 45°C in summer, especially in the southern Negev. In general, there is a decrease in rainfall and an increase in air temperature from northwest to southeast. Furthermore there is a maritime effect from the Mediterranean Sea in most of the northwest which results in higher humidity and more dew than in the southeast (Noy-Meir and Seligman, 1979; Stern, Gradus, Meir, Krakover and Tsoar, 1986). Areas north and west of Beer Sheva were and are sown under rain-fed conditions to winter small grain crops and, to a lesser extent, spring and early summer crops such as sorghum, melons and sunflower. In contrast, land to the south and east of Beer Sheva is mostly non-cultivable and is limited almost exclusively to grazing.

**Background of Negev Bedouin**

There is evidence that nomadic pastoralism in the Negev dates back to the beginning of the Neolithic period (Sauer, 1966). The first Bedouin type tribes are thought to have infiltrated the region in the seventh century AD with the explosive rise of Islam in the Arabian Peninsula. Thereafter movement of people from the east and the south constantly reinforced the nomadic population of the Negev (Shmueli, 1980). Bedouin numbers increased considerably during the Ottoman (Turkish) rule of the region (1517–1917) as a result of infiltration both of nomadic peoples and of peasant farmers (*fellahim*) from Egypt who farmed the lands bordering the desert, mainly along the Gaza strip. The *fellahim* ‘leased’ lands from the Bedouin and received protection from them and the Bedouin, in turn, received a percentage of the produce harvested by the *fellahim*. In addition, during this period Bedouin brought Negro slaves (*abid*) from Sudan to work for them.

Traditionally Negev Bedouin depended on nomadic pastoralism for their lifestyle and livelihood. Sheep, goats and camels provided them with milk and milk products, wool and hair for weaving carpets and tents, and animals for traditional slaughter. However, because of their nomadic ways, there began the struggle and interaction between the ‘grazed’ and the ‘sown’ or between pastoralists and farmers that has marked the history of the region up to and including modern times. Moreover being in a region where rainfall for agriculture is marginal and unpredictable, the separation between the two systems has never been clear and local populations tended to move between a sedentary lifestyle and nomadism (Perevolotsky and Finklestein, 1980).

The Bedouin tribes, which were affiliated into tribal confederations, were territorial and led by sheikhs. The then ruling Ottoman authorities recognized the sheikhs as official representatives and held them responsible for the actions of their tribes. Warfare, often due to boundary disputes, was common among the tribes and was often suppressed by drastic means by the Ottoman government (Marx, 1967; 1974). To stabilize tribal boundaries, the Ottomans established an administrative centre in Beer Sheva (the first settlement to be established in the Negev from the Nabatean and Byzantine period of settlements that
ended in the sixth century) in about 1900. Boundaries among the Bedouin tribes were fixed and remained unchanged until 1949. The Ottoman authorities attempted to register land-tenure rights but had little cooperation from the reluctant Bedouin. As a result, most of the land was not registered as the property of an individual or tribe, but as *mowat* (Arabic for ‘dead land’); that is, land belonging to the state (Perevolotsky and Landau, 1988; Kressel, Ben-David and Abu Rabia, 1991). Land use rights of tribes were settled by authorities on the basis of occupancy and not of ownership.

The Ottoman Empire was conquered near the end of the First World War by the British who were granted a mandate to rule Palestine, a country whose borders were defined by the League of Nations. During the British rule from 1917 to 1947, they interfered little in the affairs of the Negev Bedouin and kept the boundaries established by the Ottoman authorities. In general, they maintained and strengthened the Ottoman land policies, and this was to have an important and decisive influence on the future land rights of the Bedouin and their livelihood.

By the end of the British mandate in 1948, there were approximately 55,000 to 65,000 Bedouin in the Negev which were composed of true-noble Bedouin, *fellahim* and *abid*, and were divided into 95 tribes. These tribes were combined into eight ‘Confederations’ which were mainly larger territorial divisions whose contiguity was expressed in terms of common descent and/or political alliance (see Table 10.1; from Marx, 1967).

At this time, sheep raising practices among the Bedouin ranged from semi-nomadic transhumance to agropastoralism, and the beginning of a sedentary lifestyle was evident (Meir, 1988; Ginguld, Perevolotsky and Ungar, 1997).

**State of Israel**

The position of the Negev Bedouin changed profoundly with the establishment of the state of Israel and the war with Egypt (and other bordering Arab states) which followed. During the war, Bedouin were trapped between the opposing Israeli and Egyptian armies and, owing to uncertainty, most did not form any alliances with either country. With the conquest of the Negev by Israel in 1948, and imposition of military rule, most Bedouin

---

Table 10.1  Bedouin confederations, tribes and individuals prior to 1948

<table>
<thead>
<tr>
<th>Confederation</th>
<th>No. of tribes</th>
<th>No. of individuals</th>
<th>Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tarabin</td>
<td>25</td>
<td>21,000</td>
<td>Western Beersheba Plain</td>
</tr>
<tr>
<td>Tiaha</td>
<td>28</td>
<td>18,000</td>
<td>Central and Eastern Beersheba Plain</td>
</tr>
<tr>
<td>Azazmah</td>
<td>12</td>
<td>12,000</td>
<td>Central Negev</td>
</tr>
<tr>
<td>Hanagrah</td>
<td>4</td>
<td>7,000</td>
<td>South of Gaza</td>
</tr>
<tr>
<td>Gubarat</td>
<td>14</td>
<td>5,000</td>
<td>North of Gaza</td>
</tr>
<tr>
<td>Sa‘idin</td>
<td>6</td>
<td>1,000</td>
<td>South of Dead Sea</td>
</tr>
<tr>
<td>Ahewat</td>
<td>3</td>
<td>1,000</td>
<td>Near Gulf of Eilat</td>
</tr>
<tr>
<td>Gahalin</td>
<td>3</td>
<td>750</td>
<td>Hebron Mountains</td>
</tr>
</tbody>
</table>

Total 95     65,750

Notes: * All values are maximum estimates (Shimoni, 1947). Official censuses of the Negev Bedouin were taken in 1931 and 1946, with either inconclusive or partial results.
fled the region to Egypt (Sinai and Gaza) and Jordan (mainly what is now called the ‘occupied territories’ and/or the Palestinian West Bank). Some Bedouin filtered back, while some were moved about or expelled by the military authorities for a variety of reasons. Tribes reformed around their former sheikhs or around men who wielded influence with Israeli authorities.

In 1954, about 11 000 Bedouin remained in the Negev according to a census taken that year and formed around 19 men whom the Israeli Military Administration recognized as sheikhs (Israeli Army, 1954). Every registered Bedouin in the census was issued with an identity card that included his tribal affiliation, which served to establish his legal place of domicile (his address was that of his tribal sheikh). All Bedouin were placed under military administration and most of them, with few exceptions (e.g., Huzail and Abu Rbeah tribes), were translocated from former tribal areas to live in a closed area in the northeastern part of the Negev (between 31°05’ and 31°25’ north and 34°45’ and 35°05’ east) called the siag. This area of 1100 km² was only about 10 per cent of that formerly occupied by the Bedouin. Movement of the Bedouin was restricted and permits were needed to leave the siag. This imposed sedentary lifestyle virtually ended the nomadic and seminomadic lifestyle of the Bedouin.

By 1960, the Bedouin population had increased to about 16 000. Over 90 per cent were of the Tiaha confederation while only a few hundred Azazmah and fewer Tarabin remained. The only ‘tribal group’ that remained relatively intact was the Zullam. The Military Administration estimated that the Bedouin cultivated up to 400 km² of the siag, sowing mainly barley. The rest of the area provided limited grazing possibilities for livestock (Israel Bureau of Statistics, 1964).

The Military Administration controlled the land and, because legally it was considered as non-cultivable, it belonged to the state according to the Ottoman land laws of 1858, which were maintained and enforced by the British Mandate. There were Bedouin claims to ownership of part of the siag because of long uninterrupted occupancy. However their only documentary proof was that some of them had paid land tax and received official receipts during the British Mandatory period. Unfortunately, the receipts showed neither the location nor actual land area as Bedouin regularly understated the size for reasons of tax evasion. Except for the tribes that remained on their land that they occupied prior to 1948, the Military Administration and newly formed Land Authority, by negotiating with tribal sheikhs, allocated state lands within the siag to families from translocated and landless tribes.

Land and settlement policy
By 1955, most of the state land in the siag had been leased to the tribesmen through their sheikhs. At this time, the Military Administration estimated that Bedouin owned 60 000 animals, mainly small ruminants and some camels. No attempt was made by the administration to regulate the size of the flocks and, because meat was in demand and prices were relatively high in Israeli markets, the Bedouin increased their flocks by every means possible, even bringing in animals from Jordan. The number of animals was too large to be maintained exclusively in the siag and, consequently, the Military Administration permitted Bedouin to use spring pastures east of the reservation. The rest of the Negev at that time was sparsely settled so that, when the available pastures had been exhausted, usually by June, the siag was expanded westwards to increase pasture availability.
However the Negev became settled at an increasing rate and the pasture areas available for grazing decreased drastically, which led to conflicts and even clashes between settlers and Bedouin. This development resulted in further restrictions imposed on the Bedouin by the Military Administration and permits for grazing outside the *siag* became more difficult to obtain.

Sheikhs owned the largest flocks and were given preferential permits to graze pastures west and north of Beer Sheva. Other Bedouin had to find summer grazing, unaided by the authorities, by making agreements with agricultural settlements for using winter crop aftermath. The Military Administration had to approve these agreements and issued permits to these Bedouin, which allowed them to take their flocks to the northern and western limits of the Negev. The gradual easing of the restrictions on flock movement and employment outside the *siag* continued up to the end of the Military Administration in 1966.

From 1948, a development towards ‘spontaneous’ settlements or hamlets started throughout the *siag*. These hamlets were based on tribal and family affiliation, the number of which increased with the sharply increasing Bedouin population. They emerged as dispersed settlements without services such as electricity, water, sewage disposal, schools and roads, and without clear communal structure. The spontaneous hamlets led to many land use conflicts between the government and the Bedouin. To stake their ownership claims to land they occupied, the Bedouin started the illegal construction of houses, many of which have been destroyed by the authorities but, nonetheless, are continuing to be built today. In response to these events, the Israeli government initiated a policy of planned settlement in the early 1960s. Starting in 1966, Bedouin were relocated to towns in the *siag* to solve, on the one hand, the land conflict problems and, on the other, to integrate the Bedouin in the national civilian and economic systems by providing them with regular public services (Shmueli, 1980; Abu-Saad, 1996).

Bedouin with no claims to land ownership became eligible for settlement in the municipalities by purchasing rights to building lots from the Government Land Authority. Bedouin with claims to land ownership negotiated rights to building lots by voluntarily giving up their claims. By 1983, four towns had been established and, to date, seven are in different states of development (Table 10.2). These urban centres were strategically placed

Table 10.2  
**Population of Bedouin in recognized localities, 2002**

<table>
<thead>
<tr>
<th>Locality</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>Municipality</em></td>
<td></td>
</tr>
<tr>
<td>Rahat</td>
<td>34100</td>
</tr>
<tr>
<td><em>Local councils</em></td>
<td></td>
</tr>
<tr>
<td>Hura</td>
<td>7600</td>
</tr>
<tr>
<td>Laqia</td>
<td>6100</td>
</tr>
<tr>
<td>Kseifa</td>
<td>7900</td>
</tr>
<tr>
<td>Arara BaNegev</td>
<td>10500</td>
</tr>
<tr>
<td>Segev Shalom</td>
<td>5300</td>
</tr>
<tr>
<td>Tel Sheva</td>
<td>11200</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>82700</strong></td>
</tr>
</tbody>
</table>

*Source: Statistical Yearbook of the Negev Bedouin (2004).*
amongst the hamlets in the *siag* and are recognized by the authorities; the spontaneous hamlets are non-recognized localities. Rahat is the largest of the urban centres and was registered as a municipality in 1994; the other six are considered as local councils.

Initially it was planned to allow each Bedouin freedom of choice of his housing unit with regard to his previous territorial and pastoral livelihood. In addition, many Bedouin constructed huts for cooking and enclosures for maintaining livestock near their houses. However, the huts, enclosures and livestock were officially banned by the municipalities and this ordinance was enforced by the authorities by refusing electricity link-up to the houses in such cases. Still the Bedouin found ways to circumvent the ban after the electricity linkage had been made.

**Social characteristics of Bedouin life**

*Demographic processes*

According to Israel’s Central Bureau of Statistics, in 2002, there were 128 600 Bedouin residing in the sub-district of Beer Sheva, which comprised 24.6 per cent of the sub-district’s total population. Of this number, 82 700 (or 64.3 per cent) lived in the seven recognized localities and 45 900 (35.7 per cent) in non-recognized localities. However the actual number of Bedouin in the Negev has been difficult to obtain, as many Bedouin provide the name of their tribe as their address instead of their settlement and, apparently, many Bedouin from non-recognized localities are not enumerated. Furthermore some Bedouin in non-recognized localities also possess homes in recognized localities and are counted twice. Apart from the Central Bureau of Statistics, additional Bedouin population sources include the Ministry of Interior and the Regional Council for Unrecognized Bedouin Villages in the Negev (RCUV), an organization that has not been recognized by the Ministry of Interior as a regional council. The RCUV’s definition of the term ‘settlement’ (village) is ‘50 dwelling’ units or ‘40 adults’. According to these definitions, there are 46 non-recognized settlements in the Negev.

The Ministry of Interior enumerates the Bedouin who live in non-recognized localities by tribe (25 tribes are listed), namely according to where they belong socially. According to records of this Ministry, there were 55 305 Bedouin in non-recognized localities in 2002. If it is assumed that there were 82 700 Bedouin in recognized localities, then there were 138 005 Bedouin in total, of which 59.9 per cent were from recognized localities and 40.1 per cent from non-recognized localities. The RCUV enumerates Bedouin according to their place of residence, namely according to where they belong geographically. The RCUV bases its data on estimations by the residents themselves and claims that there were 76 364 residents in 2002. Again, if it is assumed there were 82 700 Bedouin in recognized localities, then there were 159 064 Bedouin in total, of which 52.0 per cent were from recognized and 48.0 per cent from non-recognized localities. For the 46 non-recognized localities, according to the RCUV, the mean number of individuals per settlement was 1660, with a range of 500 to 3859.

*Immediate family*

In the past, as in other pastoralist nomadic societies, young Bedouin children of both sexes participated in all pastoral, farming and domestic activities. Today, the traditional role of children as an integral part of the family’s labour is changing thanks to compulsory school attendance six days a week. Initially, only boys attended school but, with
increased settlement in both spontaneous hamlets and recognized localities and with a corresponding increased accessibility to schools, most girls attend schools today. This has greatly depleted the workforce as Bedouin girls often herded the livestock. That more females are studying is also reflected by the number of females in higher education. Of the 319 Bedouin students that were studying for degrees at Ben-Gurion University of the Negev and 725 Bedouin students at Negev colleges during 2002/3, 45 per cent and 48 per cent, respectively, were females (Statistical Yearbook of the Negev Bedouin, 2004).

When a son marries in a spontaneous hamlet, his father allots a site for his home within the boundaries of his father's land holdings. Originally these marriages were essential to the traditional support system of the extended family which acted as an economic enterprise with a collective fund. Today, high population growth and lack of space for sons have led to fragmentation of the original land holdings and to further enlargement and development of spontaneous hamlets. This, together with the ability of most married sons to be wage earners, has led to their financial independence from their elders and the possibility of their relocation to one of the urban centres. As recipients of National Insurance benefits, elders have also, to a large extent, achieved independence from their sons. Most households are financially independent and familial relationships are maintained by visits, transportation help and cooperation in carrying out traditional, familial and religious festivities.

Traditionally Bedouin women lived in a male-dominated society in which men were the only providers and controlled all sources of income. Women’s lives centred on raising children, maintaining the dwelling, preparing food, milking sheep and goats, making milk products, caring for young lambs and kids, weaving carpets and tent materials and doing embroidery. When flocks were corralled near the homestead, they, with children, watered and hand-fed the animals. When camping at grazing sites remote from the household, they also carried out these duties and often helped with the shepherding of the animals. Their mobility was strictly limited both within the homestead area and at the remote camping sites in order to preserve the honour of the family (Abu-Rabia, 1994, 1999; personal data).

Today, women still live in a male-dominated society but are often less financially dependent on their husbands. Women with children are, by law, direct recipients of National Insurance maternity, child and old age benefits. Consequently, each woman is responsible for the care, feeding and education of her unmarried children. Previous mobility restrictions, by necessity, can no longer always be enforced. To receive a government stipend for giving birth, women must give birth at a public hospital and to claim National Insurance benefits they must go to a bank or post office. Though they now have this mobility, it is only when accompanied by a member of the family and/or when driven by a paid driver that they are able to leave the hamlet.

Compulsory education of children has meant that the majority of women can no longer accompany their husbands to remote camping sites and help with the management of the flock during most of the year. Usually only those women with no or with either pre- or post-school age children can participate in flock activities at remote camping sites. However some women refuse to participate in any flock activities other than the care of a small number of sheep and goats needed for household purposes (milk, meat, wool and pocket money).
**Bedouin economy**

Until 1959, of a male Bedouin working population of approximately 2850 in the spontaneous hamlets, it was estimated that fewer than 100 were employed outside the siag. From 1959, Bedouin employment increased sharply as a result of shortages of seasonal agricultural labour needed in the citrus groves south of Tel Aviv and in cotton picking in the northern Negev. It was estimated that 400 Bedouin, mainly bachelors, were permitted to be employed outside the siag by 1962 (Marx, 1967). Consequently many Bedouin became dependent on working in the Jewish sector, mainly as unskilled labourers after the Military Administration was lifted in 1966 (Abu-Zaad, 1996).

The general occupation figures suggested that about 63 per cent of Bedouin adults of working age were involved either as labourers or as entrepreneurs in secondary and tertiary occupations by the late 1980s (Meir, 1997). In 1991, Ben-David (1993) interviewed several hundred Bedouin households about their employment (Table 10.3) and found that a relatively high percentage (31 per cent) of household heads (over 44 years of age) still persisted in practising traditional farming (pastoralism and rainfed crop cultivation). In contrast, only 9 per cent of younger adults practised modern farming (herding and/or cultivation). These figures indicate that traditional pastoralism should be in a downward trend in the future.

In addition, urban living has drastically changed the lifestyle and economics of the Negev Bedouin (Meir, 1997). Men have practically abandoned raising livestock and have entered the wage labour market (Abu-Rabia, 2000; Jakubowska, 2000). Most employment is in or near the big cities, in particular Beer Sheva, with men taking mainly non-skilled and blue-collar jobs. Men travel freely in and around Beer Sheva, mingle with the Jewish population, tend to wear western clothes, drive vehicles and partake in many non-traditional activities such as eating in restaurants (Dinero, 1996). With urbanization, women no longer need to carry out many of their traditional tasks, such as herding livestock, milking sheep and goats and processing milk, gathering firewood and supplying water for the household. They have maintained traditional dress and generally stay at home, as it is not socially acceptable, among the Bedouins, for women to work outside the house. Men insist that they cannot leave the confines of the home as they may be seen by other men and thus bring dishonour to the family. Thus women have lost their traditional roles in the family and have yet to define their new roles (Degen, 2003).

Today, the average salary of employed Bedouin is considerably lower than that of the Israeli average, while the percentage of minimum wage earners and rate of unemployment

<table>
<thead>
<tr>
<th>Branch</th>
<th>Family heads</th>
<th>Young and educated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manual and construction</td>
<td>46</td>
<td>35</td>
</tr>
<tr>
<td>Manufacturing and industry</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Services (government and public)</td>
<td>6</td>
<td>27</td>
</tr>
<tr>
<td>Services (tourism and catering)</td>
<td>—</td>
<td>5</td>
</tr>
<tr>
<td>Commerce</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Medical, para-medical and others</td>
<td>—</td>
<td>2</td>
</tr>
<tr>
<td>Agriculture</td>
<td>31&lt;sup&gt;a&lt;/sup&gt;</td>
<td>9&lt;sup&gt;b&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

*Notes: <sup>a</sup> In traditional farming; <sup>b</sup> in modern farming.*
among Bedouin are considerably higher than the Israeli average. In 2000, the average monthly wage throughout the year of salaried employees in all of Israel was NIS5669, and in the Beer Sheva sub-district it was NIS5028. In the seven Bedouin urban centres it was considerably less, ranging from a mean low of NIS2971 in Laqia to a high of NIS3487 in Hura. The average wage for Bedouin women was particularly low, ranging from NIS1250 in Hura to NIS1526 in Kseifa. Furthermore the income per family in the Beer Sheva sub-district was NIS9676 (NIS10988 in all of Israel), while in the Bedouin localities it ranged from NIS4180 in Arara BaNegev to NIS4772 in Hura.

As Israeli citizens, Bedouin men are subject to Israeli law. All Jewish Israeli youths, at the age of 18, are required to register with the Israel Defense Forces (IDF). However, as Bedouin are an ethnic minority, the law is not applied to them or to other minorities in Israel. Nonetheless, Bedouin youths can request to serve in the IDF as paid volunteers. Many of these Bedouin serve in special units and in the Border Police Brigade where their expertise in tracking, geographic knowledge of the country and Arabic customs and language are in demand. Some continue to serve permanently in units as a source of livelihood (Gardner and Marx, 2000).

Bedouin can also apply to the Israel Labour Bureau for employment but usually find employment on their own or through intermediaries who have connections in cities such as Beer Sheva, Kiryat Gat and Arad. Discharged soldiers and men who have lost their jobs can register with the Labour Bureau and become eligible for unemployment benefits for up to six months.

Findings
Changes since 1948 have turned the Bedouin pastoralists of pre-Israel times into marginal pastoralists today. Two important characteristics of current Bedouin pastoral activity in the Negev below the 220mm isohyet are evident: (1) pastoralism can be practised mainly on the margins of other agricultural activities, on fallow and aftermath fields and in uncultivatable areas; and (2) it has become a marginal occupation for the Bedouin population as only about 1000 families, or less than 10 per cent of the population, derive their livelihood from raising sheep. The grazing sources under their control are insufficient to meet year-round flock maintenance yet flock movements to available grazing areas are strictly limited and regulations pertaining to their shepherding practices are costly.

In spite of these difficulties, there appears to have been a considerable increase in the number of sheep that are being raised over the years. In 1955, there were approximately 60,000 sheep in the Negev and this number has increased steadily (Table 10.4). However the ratio of the number of Bedouin to the number of sheep appears to be decreasing over the years.

Officially, 200,000 sheep were registered with the Ministry of Agriculture’s Veterinary Services in 2002, a number that has stayed relatively constant over the past few years. However the Ministry of Agriculture’s Veterinary Services, responsible for compulsory vaccination of livestock in the Beer Sheva sub-district, estimated that the actual number of sheep owned by Bedouin is in the vicinity of 300,000, as many sheep are not vaccinated and registered. Furthermore, according to the Ministry, there were approximately 1500 registered flocks in 2002, with about half the flocks from recognized and half from non-recognized localities. According to the records of the Statistical Yearbook of the Negev Bedouin (1999, 2004), in 1998 and 2001, there were 1395 and 1281 registered flocks, of which
1186 (85 per cent) and 1063 (83 per cent), respectively, were owned by tribes from non-recognized localities. The difference in the proportion of flocks from non-recognized localities between Statistical Yearbooks and that reported by the Ministry of Agriculture’s Veterinary Services (83–85 per cent v. 50 per cent) could be explained, at least in part, by identifying the residence of the Bedouin flock owner. A number of owners have homes in urban centres, but maintain their flocks in spontaneous settlements on the periphery of the centres. Also, in some families, part of the family has moved to an urban centre, while part has stayed in a hamlet to retain land for their livestock. The yearbook lists the 1281 registered flocks according to flock size (number of head) with 75 per cent of the flocks falling between 50 and 250 head. There were 335 flocks with between 50 to 100 head, the most common size, with 184 flocks having fewer than 50 head and three flocks with more than 650 head.

Animals

Bedouin usually raise Awassi sheep, a fat-tailed breed raised in the Middle East since Biblical times. The name originates from the word Awass, a tribe of Bedouin living in the Euphrates region. There are records of Awassi-type sheep being raised in a Jewish town in Judea at the time of Tiglat-Pileser in 745BC and they are described in Arabia by Herodotus in 500BC (Finci, 1957; Zeuner, 1963). Awassi were introduced into Jewish settlements in Mandatory Palestine in 1924. Today, the Awassi is the typical breed of Syria, Lebanon, Jordan and Israel, the dominant breed in Iraq, and is also found in Southern Turkey (Mason, 1967; Epstein, 1971).

Awassi are described as good walkers, resistant to disease and heat, but less so to cold and humidity (Mason, 1967) and are strong sheep well-adapted to the desert in that they can use the driest pasture and can tolerate long periods without water (Degen, 1977). It is a triple purpose breed raised for meat, milk and wool. In Israel, Awassi yield 40 to 60kg of milk per lactation period under extensive conditions (Hirsch, 1933; Mason, 1967) and 350 to 400kg under intensive conditions (Finci, 1957). They produce about 2kg of coarse carpet wool annually (Mason, 1967). The ram stands 70 to 80cm and weighs 60 to 90kg, while the ewe stands 60 to 70cm and weighs 35 to 55kg. This breed has a localized fat deposit in the tail weighing on average 4 to 5kg, and up to 6kg in the ewe and 10kg in the ram (Epstein, 1971).

Bedouin also own goats of mixed local origin for household purposes, and donkeys for local transportation, herding and ploughing. In addition, a few camels can be kept.

### Table 10.4

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheep</td>
<td>100</td>
<td>60</td>
<td>70</td>
<td>130</td>
<td>140–250&lt;sup&gt;a&lt;/sup&gt;</td>
<td>150–300&lt;sup&gt;a&lt;/sup&gt;</td>
<td>200–300&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td>Bedouin</td>
<td>60&lt;sup&gt;b&lt;/sup&gt;</td>
<td>15</td>
<td>16–20</td>
<td>37&lt;sup&gt;b&lt;/sup&gt;</td>
<td>69</td>
<td>104</td>
<td>129–59</td>
</tr>
<tr>
<td>Ratio</td>
<td>1.67</td>
<td>4.00</td>
<td>3.50–4.36</td>
<td>3.51</td>
<td>2.02–3.62</td>
<td>1.44–2.88</td>
<td>1.25–2.33</td>
</tr>
</tbody>
</table>

Notes:

<sup>a</sup> The lower value is that registered with the Ministry of Agriculture; the higher value is that estimated by various government officials involved in Bedouin affairs.

<sup>b</sup> 40 000 in 1976 (Shmueli, 1980); from this we estimate 37 000 in 1974.
for milk and chickens for eggs and meat. Numerous pigeons are often raised, plus a cow or two (artificially inseminated) for milk and calves and an occasional horse for riding (prestige).

**Marketing**

Bedouin must have access to grazing areas, supplementary feeds (straw, bran, hay, grains), seeds, agricultural contractors for cultivation, harvesting and transport in order to maintain their flocks and cultivate crops. They also must have outlets for their produce and access to retail markets for essential human foodstuffs. There are no official marketing channels such as those available for other agricultural enterprises in Israel (e.g., milk, poultry, fruit and citrus marketing boards) for Bedouin livestock raisers. Furthermore, because Bedouin cultivate land below the 220mm isohyet, they are not eligible for drought compensation.

Bedouin pastoralists, from roughly the mid-1950s, changed relatively quickly from an essentially subsistence and self-containing economy into the money-dependent market economy that exists today. Nearly all transactions take place on a purely cash and carry basis; that is, buying and selling depends on ready availability of cash money. This situation appears to have arisen out of the Bedouin’s desire to hide their income sources from tax and other government authorities. Hence money received from all sources of income is kept in cash by household heads and by those women eligible for maternity and child benefits. The absence of any organized marketing venue and lack of any drought compensation effectively prevent the Bedouin from receiving financial assistance such as credits and guaranteed prices. They are rarely able to negotiate bank loans or overdraft accounts. In addition, as Bedouin buy their agricultural inputs individually, large processing mills and factories, as well as Israeli agricultural cooperatives (*kibbutzim* and *moshavim*) prefer to sell their products to large traders or through marketing boards.

Personal connections are important in acquiring grazing sites. Some Bedouin have managed to establish long-standing friendly relations with collective farms (*kibbutzim* and *moshavim*), the main growers of small grain winter crops, that enable them to lease aftermath grazing areas long before the summer grazing season begins and often at favourable rentals. These relationships, with time, have become based solidly on mutual trust and benefit. Others have managed to establish similar favourable relations with official authorities that are responsible for issuing permits for livestock grazing, such as the Ministry of Agriculture’s Bedouin section, the army and the Jewish National Fund’s forestry service. The ability to establish these relationships provides needed security for a grazing system marked by natural drought and changing governmental policies that constitute serious factors in livestock management. These relationships may also have subsidiary advantages such as the possibility of purchasing and transporting baled straw and hay at competitive prices, and employment opportunities in agriculture, forestry, guarding and even in tourism. Bedouin with such established relationships enjoy special status within hamlets as they can take some of their extended family members with them to their grazing sites or assist them by acting as intermediaries in acquiring permits for grazing sites and preferential employment (Abu-Rabia, 1994).

Apart from the above sources and their own cultivated areas, inputs such as straw, hay and grains are purchased from large-scale traders who can also deliver purchases to the homestead. Long-term relationships may be established with these traders as a means of
financial assistance in the form of extended credit or even loans. For instance, inputs may be purchased on the basis of agreements to sell lambs, kids and mature stock to the traders in lieu of cash payment. Bran, an important feed input, is purchased directly from grain mills, usually found in one of the seven municipal localities. These unofficial transactions are favoured because no written records are kept by either the traders or the buyers, and thus are kept from tax authorities.

Livestock are often sold from the households: some to other Bedouin, including members of the extended family, for traditional purposes such as religious holidays, weddings, births and circumcisions and some to traders, often Palestinians. These sales eliminate transport costs and keep the transaction secretive as veterinary supervision (apart from a transport permit) is eliminated. Prices of sheep increase considerably during holidays. Sons who need sheep may buy them from their fathers. Serious bargaining can then take place to the extent that a son may go elsewhere if the price is not favourable.

Sheep are also sold at weekly markets (Kressel and Ben-David, 1995). A market is held at Beer Sheva on Thursday morning and smaller markets are held at the Bedouin localities of Tel Sheva on Friday morning and Rahat on Saturday morning. In the past, most buyers were traders from the Palestinian administered towns of Dahariyya, Hebron and Gaza. These traders obtained permits from the veterinary services in Beer Sheva in order to transport livestock to their towns. However, for security reasons, very few if any traders from the administered territories attend the markets in Beer Sheva or Bedouin localities today. A much larger market is held in Dahariyya on Wednesdays. However sheep and goats that are brought there by Israeli Bedouin with transport permits cannot be returned because of Israeli contagious disease regulations and, as a result, that market usually is not used for livestock trade by the Bedouin.

Retail purchases of household commodities and perishable foods are often made in Beer Sheva at the municipal fruit and vegetable market and in the administered territories. Storable foodstuffs such as tea and sugar are bought in bulk at outlets that specialize in catering to Bedouin. Flour, the basic Bedouin foodstuff, can be bought in 50kg bags, but is often bought as wheat from traders who deliver purchases of about a ton directly to the homesteads. Bedouin store the grain and have it milled as needed at the nearest mill throughout the year, often returning with bran for their livestock.

Flock management

After the establishment of Israel, Bedouin pastoral practices can be regarded as a response adaptation to government restraints. Noy-Meir (1975) identified major Bedouin pastoral systems within the Negev determined by ecological conditions, flock movements and types of pasture, and the degree of feed supplementation. Bedouin practise the seasonal type of management in the semi-arid to arid Negev, in that flocks are kept near the homestead in winter and are moved from the homestead for grazing in spring and summer.

Amongst Bedouin today, flocks are generally recognized as being owned by household heads. However this may not mean their outright possession, but rather be seen as their responsibility for decision making in management of the flock. Each household is usually related to others in a complex of alliances, obligations, reciprocal relations and clan obligations (Marx, 1974; personal data). Some members within (wives and children) and outside the household (married sons and relatives) may own some animals in the flock or corralled near the homestead and these are considered their property (Abu-Rabia, 1994;
personal data). Furthermore household heads often register some animals in the names of other family members and/or deliberately understate the number of animals in their flocks to the government veterinary authority. As a family-operated enterprise, wages are not paid (except where shepherds are hired) nor are expenses and income shared amongst family members.

Husbands decide when and where to graze the flock, when to corral the main flock at home and when to sell or buy sheep. Husbands are responsible for flock movement, either by foot or by truck, to distant pasture sources. They are also responsible for the everyday management of the flock, such as providing drinking water (by either piped water or tractor-drawn water tanks) and other essential supplies. However wives can often be quite vociferous in the decision-making process. It should be noted, also, that there are cases where a woman (wife) is the sole owner of a flock, in particular in urban centres (Degen, 2003). None of the sons interviewed planned to raise livestock as a livelihood, although many maintained small numbers of animals within the parental household flock or near their homes.

In families living in spontaneous hamlets, usually, unmarried daughters shepherded animals; wives and occasionally husbands and sons helped. However, as more girls are now attending school, since education is compulsory by Israeli law (Abu-Saad, 1996), the family labour force is being reduced. Of 24 families surveyed in 2003, children shepherded in only 14 flocks, wives in ten and men in seven (Stavi, 2004). Before 1999, shepherds from the administered territories were hired when needed at 130 dinars (1 dinar = $1.3) per month plus meals. This practice has ended owing to security problems.

Each year, household heads apply to the Bedouin Affairs Department of the Ministry of Agriculture for grazing areas. Permits are issued only after sheep have received mandatory veterinary vaccinations against foot and mouth disease and rinderpest (at a cost of $0.70 per sheep and $0.40 per sheep, respectively) and ewe-lambs against brucellosis (no charge). Optional recommended treatments at present, but not required for a grazing permit, are against clostridium ($1.05 per sheep), pox ($0.40 per sheep) and parasites ($1.35 per sheep). The former two are administered by government veterinarians; the latter by the Bedouins themselves and/or private veterinarians. Vaccinated sheep are ear tagged with an identifying number, and only sheep with such tags can be moved within Israel. In fact, sheep without tags cannot be brought to markets, for they can be confiscated. Consequently veterinary care constitutes a compulsory and important expense in the flock management budget.

Grazing permits allow flock movement for about nine months during spring and summer, from about mid-February to October. The permits stipulate the designated areas and exact dates for grazing and payment for these sites is minimal and based on flock numbers. The grazing period is dependent on the condition and availability of pasture. In spring, these are usually lands in the control of the Jewish National Fund (mainly forests), the army and the Land Authority. Arrangements are also made to graze land under private control such as those of kibbutzim or moshavim. These dealings have to be registered with and approved by the Ministry of Agriculture. In these cases, fields are mainly rented for summer grazing that consists of cereal aftermath and in winter fallowed fields that are weed infested. Payment varies depending on such factors as quality and quantity of the feed available for grazing. Bedouin are not able to graze their animals outside their permitted areas. This regulation is enforced by Land Authority officers, the so-called
‘Green Patrol’. Flocks must be kept at the homestead for about three months during the late summer and autumn, during which time they are vaccinated. Black goats are restricted to the confines of the household because of the ‘black goat’ law passed in 1977 (because grazing black goats were considered destructive).

Today, there are a number of problems in sheep management and marketing of animals besides frequent droughts. Firstly, the Palestinian West Bank is closed for security reasons much of the time, thus preventing buyers from the territories entering Israel. This is a serious setback as these buyers purchased most of the Bedouin sheep in the past and brought them to the territories. Secondly, shepherds from the territories cannot be employed for, by law, they cannot remain overnight in Israel. Thirdly, outbreaks of contagious diseases such as foot and mouth occur frequently, which prevents animal movement and limits sales. These factors, together with the droughts, result in lower sheep prices and higher grain and fodder prices.

Economic details
Detailed, economic analyses were done on six families in 1995/96 and 1996/97. Drought years with poor pasture availability were experienced in both periods. This forced two of the families to sell their flocks ($156 per sheep) in 1995/96 but each family retained approximately 25 head. The other four families were assigned grazing lands but, by the end of February, owing to poor pasture availability, their flocks had to return to the homesteads, where they were fed purchased fodder. Two other families were added to maintain the number of households under study at six. All six families rented private lands in March for grazing where they remained with their flocks until September.

Four families in 1995/96 and five families in 1996/97 each rented about 20 km² of land relatively near to their households and, in November–December, they sowed wheat and/or barley. No grains were harvested during the two years of the study. In the first year, the animals grazed down the crops in June–July but in the second year the fields were harvested and baled as good quality straw.

Some sheep and goats were milked by all families for household use. However only one family milked all the lactating ewes during 1995/96. Each milking was done by two women: by two wives or by one of the wives and one of two daughters. Both daughters were married in 1996 and the family did not milk all the ewes in 1996/97, nor did any of the other families; labour shortage was given as the main reason for not milking. In the flock that was milked, milk yield was approximately 20kg per day over a two-month period between February and March, for a total of 1200kg. The wives processed the milk into yogurt (laban), butter (samme) and a hard, dry cheese (afig) which was stored for future consumption. It was estimated that 200kg each of samme and of afig were made for home consumption, but occasionally some was given as presents and some was sold by the women. Samme sold for about $10.6/kg and afig for about $7.3/kg.

All sheep were hand-sheared before the summer. Wool yield averaged about 1.5kg per sheep. Husbands, assisted by wives, children and/or shepherds (when available), usually did the shearing, although children often did the shearing as well. There was little demand for the wool and none was sold. In fact, much of the wool was discarded, although some was used for blanket and pillow fillings. Almost no tents are made of wool and no wool weaving was observed during the study. Tents are made from burlap bags and carpets are hand-woven from colourful, synthetic material.
Table 10.5 (from Degen, Benjamin and Hoorweg, 2000) presents information on the family status, lamb production and income from sheep/lamb sales for the six Bedouin families. There were approximately 130 breeding ewes per household, with a range from 61 to 176, and 2–4 rams. Lambing occurred mainly between November and March but

<table>
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<th>A</th>
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<tr>
<td>Sheep(^a)</td>
<td>125</td>
<td>140</td>
<td>176</td>
<td>61</td>
<td>112</td>
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<td>3</td>
<td>1</td>
<td>7</td>
<td>6+3</td>
<td>4</td>
<td>4.3+1.3</td>
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<td>180</td>
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<td>96</td>
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<td>0.91</td>
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<td>12.4</td>
<td>7.1</td>
<td>14.2</td>
<td>12.4</td>
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<td>Sheep mortality (%)</td>
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<td>1.5</td>
<td>1.1</td>
<td>3.7</td>
<td>5.1</td>
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<td>65</td>
<td>83</td>
<td>91</td>
<td>23</td>
<td>70</td>
<td>69</td>
<td>66.8</td>
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<td>Sheep sales(^c)</td>
<td>29250</td>
<td>37350</td>
<td>40950</td>
<td>10350</td>
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<td>Wife, children</td>
<td>Wife, children</td>
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<tr>
<td>Sheep(^a)</td>
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<td>174</td>
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<td>131</td>
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<td>Brucellosis(^b)</td>
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<td>NC</td>
<td>NC</td>
<td>NC</td>
<td>NC</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Lambs</td>
<td>135</td>
<td>124</td>
<td>160</td>
<td>90</td>
<td>125</td>
<td>143</td>
<td>129.5</td>
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<tr>
<td>Lambing rate</td>
<td>1.16</td>
<td>0.89</td>
<td>0.92</td>
<td>0.89</td>
<td>0.95</td>
<td>0.83</td>
<td>0.93</td>
</tr>
<tr>
<td>Lamb mortality (%)</td>
<td>10.4</td>
<td>19.1</td>
<td>12.4</td>
<td>14.1</td>
<td>10.2</td>
<td>17.0</td>
<td>13.0</td>
</tr>
<tr>
<td>Sheep mortality (%)</td>
<td>0.09</td>
<td>3.6</td>
<td>1.7</td>
<td>3.0</td>
<td>3.1</td>
<td>11.6</td>
<td>3.7</td>
</tr>
<tr>
<td>Lambs sold</td>
<td>82</td>
<td>75</td>
<td>72</td>
<td>40</td>
<td>86</td>
<td>66</td>
<td>70.2</td>
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<tr>
<td>Sheep sales(^c)</td>
<td>36900</td>
<td>33750</td>
<td>32400</td>
<td>18000</td>
<td>38700</td>
<td>29700</td>
<td>31590</td>
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<tr>
<td>Labour</td>
<td>Relative’s son Shepherd, 2 wives, daughter, shepherd</td>
<td>2 wives, daughter, shepherd</td>
<td>Wife, daughter</td>
<td>Mother, brothers, sisters</td>
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</tbody>
</table>

Notes:
\(^a\) Number of sheep including those that tested positive for brucellosis.
\(^b\) Testing of sheep of these households for brucellosis was in October 1995 to January 1996. Those tested in 1995–96 were not checked (NC) in 1996–97. Bedouin were compensated with NIS480 per ewe and NIS300 per lamb for sheep tested positive for brucellosis.
\(^c\) New Israeli Shekels (NIS) at $1 = NIS3.3.
Four of the families (A–D) were present in both years.
continued throughout the year as rams grazed with the ewes. Of the ewes lambing, 2.5 per cent lambed twins and produced a total of 120 lambs, of which 105 survived. Thus the lambing rate over the two years was 0.93, with lamb mortality at 12.5 per cent.

Sheep mortality during the period was about 3 per cent. Of the surviving lambs, 68 (55–60 per cent) were sold at 3–5 months of age, which mainly covered expenses. Of the rest, 15 ewe lambs were kept as replacements for ewes that either died, were sold or were slaughtered and 20 lambs were used as presents and for traditional slaughter. It was estimated that 5–10 lambs were received as gifts or for other reasons. In addition, about 10 lambs (at $136 per lamb) were expended for socioeconomic reasons such as maintaining or establishing good relationships with people that might in the future act, amongst other things, as intermediaries on their behalf in obtaining grazing permits and other transactions necessary for managing their flocks. Sick animals were not slaughtered for home consumption but sold whenever possible. All these parameters differed little over the two years and were also quite stable for the four individual households that were present during both years. The income from sheep sales was also stable for the two groups in the two years, at NIS31 000 (US$9394), but the variation among individual households was considerable.

Table 10.6 (from Degen, Benjamin and Hoorweg, 2000) presents information on the expenses incurred in sheep production.

Again, the average figures were fairly constant over the two years. The expenses were also fairly constant for individual cases, except expenses for land rental which varied considerably from year to year. Most of the expenditure was on animal feed (60 per cent), followed by land rental (20 per cent), wages (8 per cent) and veterinary costs (7 per cent). On average, expenses were NIS 23 500–25 800 (US$7121–7818) and constituted about 80 per cent of

| Table 10.6 Expenses for sheep production of six Bedouin families in 1995/96 and 1996/97 |
|-----------------------------------------|--------|--------|--------|--------|--------|--------|--------|
|                                        | A      | B      | C      | D      | E      | F      | Mean   |
| 1995/1996                              |        |        |        |        |        |        |        |
| Veterinary costs                       | 2100   | 1800   | 2300   | 750    | 1320   | 1220   | 1582   |
| Wages                                 | 2100   | 2800   | 6300   | 0      | 0      | 0      | 1867   |
| Land rental                           | 5600   | 5900   | 6100   | 2300   | 5500   | 1100   | 4417   |
| Water                                 | 750    | 750    | 750    | 400    | 750    | 400    | 633    |
| Animal feed                           | 15 000 | 13 000 | 17 000 | 9000   | 13 000 | 16 000 | 13 833 |
| Tractor + fuel                        | 2200   | 1400   | 1200   | 800    | 800    | 500    | 1150   |
| 1996/1997                              |        |        |        |        |        |        |        |
| Veterinary costs                       | 1700   | 2200   | 2250   | 1210   | 1610   | 2260   | 1872   |
| Wages                                 | 2100   | 3500   | 7000   | 0      | 0      | 0      | 2100   |
| Land rental                           | 4000   | 6500   | 5000   | 4000   | 3500   | 8500   | 5250   |
| Water                                 | 400    | 750    | 750    | 400    | 500    | 800    | 600    |
| Animal feed                           | 14 000 | 13 000 | 17 000 | 13 000 | 14 000 | 15 000 | 14 333 |
| Tractor + fuel                        | 3400   | 1400   | 2000   | 1000   | 1600   | 500    | 1650   |

Notes:
Expenses given in New Israeli Shekels (NIS) at $1 = NIS3.3.
Four of the families (A–D) were present in the two years.
the incomes, although this varied from household to household. In some households, expenses surpassed incomes (C in 1995/96 and D in both years); in the most favourable cases expenses were only 55 per cent and 61 per cent of incomes (E in 1995/96 and F in 1996/97) and in all other cases were more than 67 per cent.

The average balances showed a yearly profit of only NIS6578 (US$1993) and NIS5685 (US$1753), respectively, for 1995/96 and 1996/97 (Table 10.7, from Degen, Benjamin and Hoorweg, 2000). This does not take into account lambs used for social purposes and for home consumption. Net income varied from a negative income to NIS17 490 and, within individual households, there were large fluctuations from year to year. In fact, large fluctuations were the rule, rather than the exception, as was also found by Ginguld (1994) who studied nine Bedouin flocks over one year.

The highest net income was realized, not by the largest flock, but rather by an averaged sized flock (E in 1996/97). However the lowest net income (negative balance in both years) was realized by the owner of the smallest flock (D) although this owner was in the process of building up his flock.

I am still in constant contact with all eight families and the general trends described above still hold true today. Since the study, another two families have sold their flocks and, therefore, only four of the eight families still raise sheep. However, the four families that sold their sheep all maintained small flocks of fewer than 40 head and, in two of them, wives are the owners. These sheep are milked by the wives and daughters for home use. The Bedouin that stopped raising sheep gave rising production costs and labour shortages as the main reasons.

Discussion and conclusions
In general, Bedouin today claim that raising sheep is non-profitable and that they are losing money in this enterprise, as they have been claiming for a number of years (see Ginguld, Perevolotsky and Ungar, 1997; Degen, Benjamin and Hoorweg, 2000). Furthermore, grazing restrictions are imposed upon the Bedouin and land conflicts are common. Why then do Bedouin persist in raising sheep for their livelihood today?

Of prime importance is the maintenance of their traditional lifestyle (Kressel, 2003; Stavi, 2004). Several Bedouin men stated that raising sheep is ‘in their blood and that they
have to do so’. One Bedouin wife expressed her needs quite convincingly when she stated that ‘without the presence and smell of sheep, life has no meaning’. Economic difficulties and high unemployment in the wage labour market may also provide part of the answer. Retention of a flock may be a rational choice as a supplement for those Bedouin who are financially stressed, providing families with milk and other dairy products for personal consumption. In 2003, of 24 families with sheep in spontaneous hamlets, 18 milked sheep for home use (Stavi, 2004). Thus maintaining some sheep acts as a hedge against the risk of unemployment and, if sheep raising did become more profitable, it would be easy to start this enterprise (Dinero, 1996). Moreover, as pointed out by Ginguld, Perevolotsky and Ungar (1997), Bedouin have a decided advantage over other sectors in raising sheep, namely, cheap labour available in most households, cheap inputs, in that marginal land is used, and little investment in equipment.

Another reason for raising sheep given frequently by Bedouin elders, researchers and officials is that continued agropastoralist activities enhance Bedouin claims to land ownership by their continued land occupancy. Of 24 household heads from spontaneous hamlets who were raising sheep, 22 maintained land claims (Stavi, 2004). Also it is important to note that 65 per cent of Bedouin in urban centres are fellahim who were landless, while in spontaneous settlements 70 per cent are ‘true-noble’ Bedouin with land claims (Atzmon, 2003). This inherent attitude of the Bedouin was reinforced by the Land Procurement Act of 1980 which resulted from a dispute over land expropriated from the Bedouin within the siag by the state for the building of a military airbase. To do this, the state forcibly evacuated 500 families from an area of 30,000ha and settled them in Kseifa, a newly established town, and indirectly (Bedouin dissatisfaction with Kseifa) caused the earlier than scheduled establishment of Arara BaNegev (Fenster, 1995). Under the terms of the Land Procurement Act, the government acknowledged, for the first time, the need to compensate Bedouin for expropriated land. Furthermore, thanks primarily to Bedouin protest, the initial area in dispute contracted from 30,000ha to only 6500ha (Meir, 1997); that is, Bedouin were given compensation for 23,500ha. Meir states, ‘The fact that the state began to recognize Bedouin as land claimers was significant in itself . . . This did not imply that all Bedouin land disputes (about 6000 claims for a total of 70,000km²) would be solved or were approaching solution. But the significance of the above evacuation case was that it became a land-mark in the gradual process of settlement of Bedouin land ownership issues either by allowing them formal ownership and residence on the land they claimed, or by evacuating them in return for compensation.’

A reason given by the married sons of the household heads was that their fathers had no other expertise and, because of their age, no other occupational options but to raise sheep. For their part, the married sons unanimously stated that they would not continue to raise sheep after their father’s demise. This would indicate that the number of sheep should be declining. However demographic logic and the official and unofficial statistics of long-term Bedouin sheep holdings do not appear to support this. According to official records, the number of sheep has stabilized and may be even increasing. This would indicate that either sheep holdings are increasing per household, more households are raising fewer sheep or more urban families are raising sheep. Apparently, more urban women are raising sheep and goats, making the latter reason a strong possibility (Degen, 2003). The Bedouin, however, insist that it is now more difficult to hide the actual number of sheep they possess from the authorities and that is the main reason for the increase.
About 36–48 per cent of the total Bedouin population lives in spontaneous hamlets. Although sons are reluctant to continue the pastoralism of their fathers and most of the inhabitants of the hamlets gain their livelihood from sources other than agropastoralism, these non-pastoralists are not relocating to existing municipal localities and, in fact, may be resisting urbanization. Dissatisfaction with the urbanization alternative may have arisen from the following factors existing in the municipalities: high unemployment rate, drug abuse among Bedouin youth, high crime rate, liberalization of women, low standard of public services (e.g., schools, medical clinics, sewerage that are marginally better than those available for hamlets), tribal mixing and few alternative employment opportunities (Abu-Saad, 1996).

Meir (1997) recognized that this might lead to permanent settlement in some hamlets: ‘Recently, demands for the legalization of many of these unrecognized settlements (i.e., spontaneous hamlets) have grown. In an attempt to contain the conflict with the Bedouin, the state has gradually begun to yield to these demands, a policy which has resulted in more selective court orders, recent tacit recognition of one of these settlements [Abu-Rabia, personnel communication], and state readiness to consider recognizing more. Plans are underway for establishing an additional four towns and seven agricultural villages.’ The integration of many spontaneous hamlets into the national water supply network further illustrates the recent changing state policy towards the spontaneous hamlets.

Furthermore there has been a change in the state’s previously negative attitude of reducing the Bedouin’s agropastoral economy to one of slowly recognizing it as a positive national economic resource. This positive attitude may be a result of the Bedouin’s persistent maintenance of livestock holdings not only by the inhabitants of hamlets (agropastoralists and smallholders) but also by urban dwellers (Ben-David, 1988; Degen, 2003). It has been realized that these holdings are not a drain on the national economy, in that they are not subsidized but are in fact being maintained by market processes that could include those of the areas under the control of the Palestine Authority in the former occupied territories. Consequently they could act as an important economic factor in a possible peace process. It is well known that the sharing of the region’s water resources will entail radical changes in Israel’s agricultural policy in the near future. Of paramount importance to this issue is Israel’s blueprint planning to use recycled sewerage water for irrigating the Negev’s industrial crops and to restrict sweet water irrigation to edible crops grown under ‘protected agriculture’ conditions (glass and polyethylene structures). This will result in an increase in the area used for dry-land (rain-fed) winter cereal crops and, with it, a corresponding huge increase in straw and aftermath availability that can be utilized by Bedouin livestock.

In conclusion, household heads persist in raising sheep mainly for the following reasons: (1) maintenance of Bedouin traditional lifestyle; (2) a claim to the land; (3) some income, including household dairy products and meat; and (4) a means to hold their money. The future of most Bedouin would appear to be an integration into the Israel urban economy while attempting to maintain cultural traditions. Nonetheless a relatively small but stable number of households will continue to practise agropastoralism as a means of livelihood.

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11 Reindeer herders and hunters of Eastern Siberia: life of Kalar Evenks

Olga Povoroznyuk

Introduction
Northern Russia, embracing vast territories, is characterised by extreme geographical and climatic conditions. In spite of these factors, for millennia human bands have been populating northern frontiers and developing unique adaptations to the environment and subsistence base adequate for active exploitation of its resources. Among other economic and cultural types of Northern ethnic groups, taiga reindeer hunters and herders, namely, Evenks, present a vivid example of human adaptation to extreme environment.

Large in number but highly dispersed, even compared with other indigenous peoples, Evenks populated vast northern areas: by the seventeenth century the density of the Evenk population equalled 1 person per 200 sq. km. (Dolgikh, 1960: 52–3). Taiga hunters and herders’ economy was diversified: their traditional subsistence base included hunting wild reindeer (Rangifer tarandus) and other artiodactyls, whereas other industries played a subsidiary role. In ethnographic literature Evenk taiga reindeer herding is described as a tungus (Siberian) type of reindeer herding characterized by use of a domesticated reindeer for riding, for transportation and, partly, for pulling sledges, also by use of hard stirrupless saddles, milking doe deer, and using a ‘bait’ deer in the absence of a pastoral dog (Vainstein, 1972: 6, 10–14). Domestication of reindeer in relatively late periods of indigenous peoples’ history led to drastic changes in the reindeer herders’ life, subsistence base and adaptation (Khruschev and Klokov, 2001: 4), and predetermined a qualitative leap in the use of living space and biological resources of the taiga landscape. New reindeer moss yagel pastures could be exploited only thanks to the constant mobility of bands – on average up to 20 transhumances between settlements separated by 2–20 km were made annually. These factors originally allowed defining Evenks as taiga reindeer hunters and herders with highly mobile forms of economy and way of life (Andrianov, 1985: 55).

In the twentieth century the traditional subsistence base and the way of life of Siberian hunters and herders underwent considerable and irreversible transformations. As Soviet power came to rule, nomadic families were drawn to newly constructed villages, centres of future reindeer herding and hunting kolkhozes and sovkhozes. Under collectivization, native herders’ reindeer and other property were seized; prosperous reindeer herders, along with shamans and influential elders, were declared kulaks and exploiters and subjected to repressions.

Confiscated kulaks’ property was used for the organization of the first northern kolkhozes with reindeer herding as a predominant industry. Regular state support provided to reindeer herding led to both rapid growth of reindeer livestock and reorganization of the traditional pastoral system and orientations of the industry. In collective farms herders and hunters pursued their characteristic activities and way of life, though in the
framework of a new Soviet system. The rest of the indigenous population settled in vil-
lages and adopted Russian ways of life and non-traditional activities: gardening and stock
farming, etc., unproductive under the extreme conditions of the North.

The rather well-off life of the Evenks was interrupted by perestroika and the socioeco-
nomic crisis which by the 1990s enveloped all spheres of indigenous peoples’ life. A high
morbidity level, a threatening increase in the death rate, economic dislocation, ‘epidemic’
unemployment, alcoholism and the loss of traditional cultural values became an integral
part of Evenks’ life. The crisis of the 1990s still recoils upon the lives of Kalar Evenks,
both settling in villages and pursuing traditional activities in the taiga. Currently, in spite
of positive demographic trends, the unemployment problem is still acute among the
indigenous people: in some Evenk villages only officially registered unemployed consti-
tute 50–60 per cent of the general working age population. Among officially unemployed
there are hunters and herders involved in traditional activities on a freelance basis or
within unregistered economic enterprises; there are also village inhabitants working on
their individual household plots; still another category is constituted by a marginalized
village population including former kolkhoz workers supporting themselves only with
welfare payments.1

Under perestroika, Evenks’ main traditional industries have been transformed. Follow-
ing sovkhozes’ disintegration uncontrolled slaughtering of reindeer herds started,
the Soviet supply system regularly providing taiga settlements with food and commodi-
ties was destroyed; and former hunters and herders had to settle in villages. During a rein-
der herding crisis, hunting and fishing as well as non-traditional agricultural activities
played a significant role in Evenks’ subsistence. At present, attempts to revive the tradi-
tional economy are undertaken within state, public and private enterprises, for instance,
obschinas – communities of indigenous peoples, few in number, of the North. However
their development is hindered by the unsettled legal status of traditional land use territo-
ries, lacking state support to indigenous enterprises.

Thus this chapter is based on a case study of a local ethnic group of Siberian reindeer
hunters and herders, Kalar Evenks. This study is aimed at understanding the main trans-
formation stages of the traditional subsistence base in order to answer the question: ‘How
has the adaptation strategy of Kalar Evenks been fluctuating during the twentieth and
early twenty-first centuries?’ I will emphasize modern socioeconomic problems of Evenks
concerning the development of their traditional economic complex and other activities in
the general national economic context, new forms of enterprises appearing in the North
and the problems they face. To achieve this aim the following aspects of the life of Kalar
Evenks should be considered: sociodemographic (main trends analysis), ecological (inter-
relations of economic bands with the environment), socioeconomic (indigenous popula-
tion’s main activities and living standards as compared to the non-indigenous
population), legal (interrelations of the state with the traditional society, i.e. the legal
status of traditional land use territories) and so on.

The present study is based on the author’s field research, including interviews, surveys
and participant observation, conducted in 1998–2004, archival materials, primarily per-
taining to the Soviet period from the State Archive of the Russian Federation and the
State Archive of Chitinskaya Province, and official statistical data for the years 2000–2004
from village administration inventory books, State Statistical Committee annual reports,
and information of provincial, regional, and local administrations.
Historical records of Kalar Evenks

Kalar Evenks (ethnonym – Orochons) constitute a local ethnic group currently living within the administrative borders of the Kalarskiy District, Chitinskaya Province. This group’s ethnic background is connected to the migration of Evenk tribes supplanted by Mongol-speaking Buryats from the southern Transbaikal Region to northern mountainous taiga landscapes, followed by their population of the modern habitat in the twelfth to eighteenth centuries (Shubin, 1973: 70; Mikheev, 1995: 11–12). Ethnically, culturally and linguistically, Evenks living in the Kalarskiy District are subdivided into two groups: Chara Evenks whose ancestors used to live in the valleys of the rivers Chara, Kuadna (Konda) and Sulban; and Kalar Evenks who have been migrating with reindeer along the Kalar River. Chara Evenks of the clans of Inelas and Metakar trace their roots to Yakut Evenks who had an impact on their language, culture and way of life in the 1930s. Kalar Evenks representing widespread clans of Ngangagir and Kindigir, share their dialect and culture with Ust-Nukzha Evenks (neighbouring Amurskaya Province) (Shubin, 1973: 70–71).

According to B.O. Dolgikh, in the late seventeenth century the total number of Evenks under the jurisdiction of Olekma fortification stood at 1000–1200 people (Dolgikh, 1960: 341; Tugolukov, 1962: 70). By 1929, the number of Vitim and Olekma Evenks had grown to 1538. The population growth resulted in the fact that Kalar Evenks became the largest local group of Evenks in the northern Transbaikal Region. At the same time reindeer widely used in hunting as a means of transport allowed Evenks to disperse across vast territories until mass Russian migrations to the northern Transbaikal Region, followed by collectivization.

Kalar Evenks’ traditional subsistence was based on hunting and reindeer herding, and partly on fishing. In the early twentieth century they hunted, primarily, elk and red deer, complemented by hunting wild northern reindeer and musk deer. The main hunting techniques spread among different local groups of Evenks were based on lying in wait and skis-chasing the game with a dog (Diyachenko and Ermolova, 1994: 4–41; Tugolukov, 1969: 25–8), using of a trained ‘call’ reindeer (Vasilevich, 1969: 55–6; Tugolukov, 1969: 25), hunting with a birch bark quail-pipe during the mating season (Vasilevich, 1930: 107; Vasilevich, 1969: 57–8; Tugolukov, 1969: 26–8) and group hunting (Mazin, 1992: 94).

Besides hunting for meat, fur hunting was another important activity of Kalar Evenks. With the migrations of Russians to the northern Transbaikal Region, fur hunting products served as commodity and monetary equivalents in market transactions and yasak payments. Kalar Evenks hunted squirrels, Siberian weasels, ermines, foxes, sables, wolverines and otters. Squirrel and sable skins were especially valued: hunting for these animals depended on their populations and varied in different periods (Vasilevich, 1930: 105–6).

Reindeer herding was another important activity of Kalar Evenks: domestic herds could be as small as ten to 15 or as large as 200 reindeer. For instance, in the 1920s, among Kalar Evenks, 69 households owned 2052 deer, and the average size of a herd per household equalled 30 deer, while in general the herds included from eight to 100 deer (ibid.: 101). Routes of nomadic households were determined by both hunting activities and herding needs. At the end of spring and beginning of summer, Evenks roamed the windy bare mountain or river ice sheets where reindeer could be protected from intrusive gnats and mosquitoes and stayed there for the calving period. At the end of summer and beginning of autumn, the Evenks’ life was regulated by other factors than hunting needs and
households travelled to trading posts to purchase food and commodities, and then to hunting grounds (ibid.: 108). The keeping of herds had a seasonal nature. It included driving the herd together, building corrals for the calving season, protecting the herd from wolves (by using poisons or tying deer to nearby trees), building fences blocking the way and helping to keep watch over domestic reindeer migrations, and constructing sheds. Both men and women participated in daily herding activities. As for men, they regularly examined and counted reindeer while women milked does, and cooked milk and meat dishes. Migrations of herds were controlled with the help of such devices as a clog chongai, a bag with salt turukaruk, a lasso maut, and bells tied to the reindeer’s neck which helped the men to find any lost deer, especially calves. At the same time, as informants testify, treatment of calves born from wild reindeer varied. The predominant attitude was to avoid domestic reindeer mating with wild deer at all costs, because the calves born from this would become wild or semi-wild.

To ride a reindeer Kalar Evenks used saddles without saddletrees distinguished from pack saddles by their narrow and low pommels made of bone. Four to five-year-old reindeer were trained for riding. According to one tradition, a new born child was given a riding bull whose calves later belonged to the same master (Vasilevich, 1930: 104-5).

Riding and transportation of burdens were all-the-year-round activities (Vasilevich and Levin, 1961: 15–16). Soft materials transported by reindeer were put in carcass bags (imnek, nama) and soft bags (pota). Reindeer were also used for pulling sledges: Kalar Evenks’ sledges were rather low, built on three pairs of vertical poppets, while the planking sometimes was lacking (Vasilevich and Levin, 1961: 15–16). Sledges were used for transportation of foodstuffs from trading posts or killed animals from the taiga.

Thus, in the early twentieth century the domestic reindeer played a significant role in the traditional Evenk economy. It was used as a riding animal, helping to cover vast hunting territories, as a beast of burden, providing transportation of game, food and goods, and also as a source of food and raw materials for making clothes and traditional medicines.

In the early twentieth century reindeer were often used for transportation of goods by winter paths (roads). With the beginning of large-scale gold mining in the 1920s to 1930s, transportation needs increased, as well as Evenks’ opportunities for earning extra income. In the 1940s, geological mining prospects in the north of Chitinskaya Province intensified the use of reindeer as a means of transportation; in kolkhozes, Evenks worked as reindeer team drivers employed for freight transportation in geological expeditions.

Kalar Evenks fished in the Vitim River (a tributary of the Lena River), the Kuanda/Konda (a tributary of Olekma) and in numerous northern lakes. Taimen (salmon trout), lenok, grayling, sig (whitefish) (pollan), pike, burbot and starlet were the main kinds of fish caught in this region. In the twentieth century, bows, harpoons, kiddles, nets, seines and traps were used for fishing. Stabbing fish with a harpoon, and shooting them with a bow (and later, with a gun) were the most archaic fishing techniques of the Evenks. Transbaikal Evenks used harpoon debgeldevge to catch, mostly, big fish (Vasilevich, 1969: 81). Spear fishing talikit, usually held in transparent shallow water in summer, was another widespread fishing technique (ibid.: 80–81; Tugolukov, 1969; 60). Different kinds of traps were used to dam shallow rivers during the autumn run of fish to their winter grounds (Diyachenko and Ermolova, 1994: 71; Sirina, 2002a; Tugolukov, 1969: 61). Ice-fishing was also popular among Kalar Evenks.
As a whole in the traditional economy of the Kalar Evenks fishing played a subsidiary role compared to hunting and reindeer herding. Its role, however, could increase in certain periods when other sources of food were insufficient. For example, in summer, when hunting was interrupted, Kalar Evenks were involved in fishing for food. Usually fish was eaten fresh, though in some cases it was preserved by salting or drying in the sun or over fire (Vasilevich, 1930: 109).

Thus the main economic activities – hunting and reindeer herding – predetermined the nomadism of Kalar Evenks. During the centuries-old adaptation of taiga hunters who later became herders as well, a special strategy of rational use of hunting grounds, pasture and other resources has been worked out. Low population density and a nomadic way of life which accorded with the rhythms of nature became the main providers of this resource strategy.

**Transformations of Kalar Evenks’ subsistence base during the Soviet period**

In the 1930s, the territory populated by Kalar Evenks became part of the Vitim-Olekmanskiy National District created by a Soviet government enactment. According to archival record, in the 1930s population growth was registered because of the influx of Russian gold-diggers and migrants, with the Evenk population declining. Thus, in 1931, the district’s population comprised 7210 people including 1739 Evenks; in 1936, this grew to 14 730, while the Evenk population remained almost the same – 1732 people. In the northern Transbaikal Region the Evenk population varied from one area to another: in the Kalarskiy District it reached 500 people (Mikheev, 1995: 15–16). Following the start of collectivization the majority of Evenks living in the Kalarskiy District were officially settled in four villages (Chapo-Ologo, Sredniy Kalar, Kust-Kemda and Nelyaty). Demographic data on the nomadic Evenkian population in this period is absent; however informants say that the majority of Evenkian households had been collectivized by the 1940s; only isolated Evenkian families hiding and leading a nomadic life in the taiga avoided entering *kolkhozes*.

By the late 1940s, in the territory of Kalarskiy District, which by that time had already been annexed to Chitinskaya Province, six *kolkhozes* were organized: *kolkhozes* named by Voroshilov (later renamed as Zarya, Charskiy and Severniy) in Chapo-Ologo, Krasniy Taeztnik (later renamed as Charskiy) in Kust-Kemda, Sovetskiy Oron (later renamed as Kalarskiy) in Sredniy Kalar, Pobeda in Sulban and Krasny Bulchut in Bakhtyrnak. The collective economy in the Kalarskiy District was based on both traditional and non-traditional industries (for Evenks): cattle raising, fur farming, horse breeding, and field husbandry (growing potatoes, cabbage, tobacco) (Kulakov, Ryzhiy and Snegur, 2002: 177). In the Kalarskiy District the *kolkhoz* economy was built upon reindeer herding. Evenk informants confirm that reindeer herding was the most effective branch of animal husbandry under the northern climatic conditions and provided them with transportation, raw materials for making domestic utensils, equipment, traditional clothes and shoes, and served as a source of food. In contrast to traditional transportation and reindeer herding, in *kolkhozes* reindeer were kept for meat and milk products.

In *kolkhoz* reindeer herding, pasture was organized with consideration of the territory’s coping capacity and seasonal fluctuations in reindeer volumes. Thus, in winter, reindeer were herded in areas covered with crumbly thin snow, rich in reindeer moss and protected from the wind and snowstorms. Autumn pastures were similar to those used in winter. On
the basis of kolkhoz reindeer herding a scientifically proven system of pasture circulation was laid out (Kovyazin and Kuzakov, 1963: 95–6). ‘In kolkhozes we led reindeer herding, kept reindeer herds of 1000 to 1500 head. Wandered all the year round, otherwise you could lose reindeer or they could trample down the area and go far away’, recalls a former herder from Charskiy sovkhoz. In kolkhoz each herding group was allotted a strip of land to pasture reindeer for 25 years.

In the 1930s and early 1960s, reindeer herding was developing slowly because of inappropriate use of reindeer (overexploitation of does for transportation and so on) and poor guarding of herds, insufficient veterinary services, lack of manpower in herding groups and cross-country terrain. These factors spoke against large-herd reindeer herding in the North since Kalar Evenks lacked the skills for herding large herds of many thousand head. Only since the 1960s has stable growth of herds started in sovkhozes of the Kalarskiy District. The status of reindeer herding in Kalarskiy District is reflected in the following numbers: in 1931–5 the general herd grew to 6332 head; in 1952 to 9180, and in the 1970s to 10 000–12 000.

In hunting, another Evenk traditional industry, furs were the most profitable production, though hunting ungulates and waterfowl was also important. Since the 1930s hunted animals included, primarily, the sable (sable hunting had been prohibited before) and the ermine; by the 1990s squirrel hunting had dropped sharply (Kulakov, Ryzhiy and Snegur, 2002: 77–9; Mikheev, 1995: 27, 60–65).

In kolkhoz hunting, as well as in other industries, it was organized into permanent hunting brigades. Hunting and fishing plots with the infrastructure and necessary equipment were ascribed to brigades for a period of five years. In 1952, in Voroshilov kolkhoz, three Evenk brigades functioned, led by experienced hunters P. Malchakitov, S. Pavlov and P. Pavlov. Women could also be included in such parties where they usually wandered in the taiga, shooting squirrels and ungulates or working as housewives (chumrabotnitsa) in big nomadic households. Kolkhozes and sovkhozes issued to their staff employees a gun for the hunting season and provided hunters with food, equipment and ammunition. All the necessary commodities, including tents, stoves, candles and guns, were supplied in September, before the opening of the hunting season. For transportation of killed animals kolkhoz administrations provided reindeer; sometimes hunters used their own small herds, allowed officially by the state. In summer, hunting was interrupted by fishing, and picking mushrooms, berries and nuts. Both furs and meat were examined and bought from hunters in special kolkhoz bureaus according to the fixed prices. The amounts of furs procured are reflected in the statistics of state purchases from all kinds of enterprises in the Kalarskiy District. According to the data, in 1980, 3582 squirrels, 703 sables, 102 ermines, 206 hares, 850 otters and 147 weasels were bought; in 1985, 13 462 squirrels, 1023 sables, 379 ermines, 948 hares, 3105 otters and 219 weasels (Kulakov, Ryzhiy and Snegur, 2002: 181; Mikheev, 1995: 26). These numbers prove that hunting played a significant role in subsistence base of Evenks working in kolkhozes and sovkhozes.

Still another traditional activity of Kalar Evenks (fishing) had also been transformed in the Soviet period. Each kolkhoz formed one or two fishing parties, including several people working on the allotted plots of land. In Kalarskiy District, parties fished in the rivers (Verhnyaya Talaya, Kuanda/Konda, Kalar), and in the lakes (Ebe, Amudis, Namorokit). The fishing season was not strictly regulated: it usually started in June and
finished in November or December. ‘Freelance’ fishing for food accompanied hunting and reindeer herding activities, mostly in summer. ‘We’ve never depended on fishing, because fishermen were considered idlers. Hunting and reindeer herding always played a significant role’, say Evenks from Chapo-Ologo village.12

Farming and cattle raising were new industries introduced to Evenks after the organization of kolkhozes. These activities made enormous progress in the days of the kolkhoz and sovkhoz economical upturn and were laid on the basis of private household economy as symbols of the new sedentary life of Kalar Evenks. In spite of unfavourable climatic conditions in the north of the Transbaikal Region the then-government planned large-scale farming and stock-raising development programmes (Nedeshev, 1981: 137). Farming was developing in Vitim valley villages (Dogopchan, Bakhtarnak, Sulban) with their settled Yakut population and comparatively fertile soil suited for this industry. Livestock raised included pigs, cows and horses. Pigs and horses were kept mostly in villages (Nelyaty and Bakhtarnak) where there were stable yards;13 cattle raising was widespread, for instance, in Chapo-Ologo village; on a dairy farm, 40 milk-cows were kept. In 1986–7, sovkhoz Chariskiy exceeded the state plan for milk production: in 1987, 248 tons of milk instead of 257 were produced; in 1986, 170 tons instead of 150.

Another branch of northern animal husbandry, fox keeping, was also developed in Kalarskiy District. On three fox farms working in the district, 800 silver foxes were kept, while sovkhoz Chariskiy in Chapo-Ologo had 300 head. The main food products (fish and a variety of meat) were supplied by the main traditional industries to feed foxes. In spite of efforts spent on the development of fox keeping it gradually declined: in 1987, the proceedings of the Deputies’ Chamber of Kalarskiy District registered a ten-year-long downturn of the fox keeping industry. For instance, in 1986, the state plan for fox keeping development in sovkhoz Chariskiy was met only by 30.3 per cent with a profit of 15 800 rubles instead of the expected 52 000 rubles.14

Thus, in the Soviet period, the traditional economy and subsistence base were changed significantly: traditional activities altered (for instance, instead of the use of reindeer for transportation, milk and milk production were brought to the forefront); new, unfamiliar industries – farming, fox keeping, cattle raising and horse breeding – were introduced to Kalar Evenks. Introduction of new industries and transformation of traditional ones were sometimes imposed and maintained irrespective of natural and climatic conditions and the livelihood of the indigenous population of the North. Such a policy led to losses in newly introduced industries as well as in the economy of kolkhozes at large and, as a result, to drastic irreversible changes in the livelihood which had been characteristic of Kalar Evenks in pre-Soviet times. Evenks leading a sedentary life in villages provided a vivid example of a transformed traditional subsistence base. The livelihood of Evenk nomadic/semi-nomadic hunters and herders working in kolkhozes suffered less dramatic changes. And only in the case of solitary Evenk families living an isolated life in the taiga and being able to avoid joining kolkhozes did the traditional subsistence base remain almost intact.

**Adaptation and subsistence of Kalar Evenks under present day conditions**

In the post-Soviet period demographic situation and population structure of Kalar Evenks varied significantly, from negative trends (high mortality rate, poor medical service, etc.) to recent stabilization. In 1991, in the Kalarskiy District, Evenks included 467 people or
2.1 per cent of the general population of the district (Mikheev, 1995: 30). In villages where the majority of the Evenk population live, an influx of non-indigenous population, an increased number of inter-ethnic marriages and intensive assimilation processes have been registered since the famous Baikal–Amur Railroad (BAM) construction started in the 1980s. According to Evenks from Chapo-Ologo, ‘a lot of children of mixed blood are born. Many Evenks have been Russified. Maybe, because of the loss of reindeer’.

In the post-Soviet period, Evenks have witnessed socioeconomic and political upheavals leading to another series of transformations of their subsistence and way of life. Post-communist economic reforms have resulted in kolkhoz system reorganization, shifting property patterns and overarching systemic crisis: in the mid-1990s the economic downswing in the northern industries reached its critical point. At present the socioeconomic situation of the indigenous population has been stabilizing at a different rate in different regions (Sirina, 2004: 54). Modern conditions in which indigenous peoples of Chitinskaya Province and neighbouring regions are found, on the one hand, challenge their traditional economy and land use, and cause negative socioeconomic phenomena and, on the other, provide opportunities for new adaptation and forms of self-organization.

The present socioeconomic status of Kalar Evenks is reflected in such indices as standards of employment, income, living and well-being. Nowadays the socioeconomic sphere of life of Evenks can be described as the most problematic. Following the perestroika years, such threatening trends as epidemic unemployment, low living standards, often accompanied by alcoholism and marginalization, became an integral part of daily life of the indigenous population. The high unemployment rate is still a burning socioeconomic issue: the majority of the employable Evenk population in Kalarskiy District is unemployed. Informants agree that unemployment remains a serious problem. According to one Evenkian woman from the village of Chapo-Ologo, of the total village population of about 250 Evenks, 29 people work in the public sector, 20 are registered as unemployed and the rest of the employable population has not been registered by the state employment bureau. Official statistics reiterate informants’ words: in 2003, among the employable population (74 per cent) of the village of Chapo-Ologo, only 28 per cent were registered as employed and 8.6 per cent as unemployed, the rest of the population not having been officially registered. Since Chapo-Ologo is supposed to be an ‘exemplary’ village, unemployment might be an even more urgent issue in other villages. Among officially employed Evenks, the overwhelming majority are involved in the public sector, working in kindergartens, schools and local administrations, or as unskilled workers: loaders, builders, stokers, etc. The rest of the Evenks are officially jobless but in fact work in the agricultural sphere. Some Evenks pursue reindeer herding and hunting on their own or within officially unregistered traditional herding or hunting enterprises; another group of Evenks living in villages are busy with cattle raising and farming on their individual plots of land. And still another category of the unemployed is presented by former hunters and herders suffering from alcoholism and degradation and living on state subsidies only. As regards age, there is a threatening growth of the unemployment rate among modern Evenk youth: ‘It will be hard for youth to work; they have not been taught to work; at their age we sweated our guts out’.

The main sources of income of sedentary Evenks living in Chapo-Ologo include (ranked by their significance): (1) pension (received by retired and disabled people)/salary (received by officially employed population); (2) hunting, household economy (money...
gained from selling fur, meat, agricultural products); (3) subsidies for transportation of firewood from the forest and for rent, depending on actual living space and family’s income; (4) non-recurrent annual welfare payment (received by low-income families); (5) other sources (for instance, family allowance). The composition of income may vary, depending on occupation of the employable population: the first and the most considerable source may be lacking in the budget of officially unemployed people while the second source may be brought to the forefront in the case of Evenk hunters (that is, half of the male population of villages of the northern Chitinskaya Province). According to 2003 official data, the average monthly salary among the Evenk population in Chapo-Ologo was 2159 r., while 90 per cent of the population had incomes lower than the subsistence level.19 A retired Evenk woman, Lyudmila V. Malchakitova, told about her family’s income: ‘pension of some 700 rubles is all our incomes; and for transportation of firewood [from the forest] only you have to pay 350 rubles’. Another Evenk family, that of the hunter Oleg G. Malchakitov, lives on the wife’s pension (850 rubles) and seasonal subsidiary income from hunting. In exceptional cases entrepreneurial activities – selling fur and meat – bring stable profit to Evenks. However, to initiate such activities, a certain amount of money is necessary to begin the process of official registration and licences. Only well-to-do families can afford it, while most of the fur and meat is sold illegally.

The average incomes and living standards of Kalar Evenks are lower than those of the non-indigenous population of Chitinskaya Province. Most of the income is spent on food (sugar, tea, cereal products) and clothes. The rest, as a rule, goes to keeping the household and traditional activities (buying hunting and fishing equipment and licences). Incomes of the overwhelming majority of Evenk families are below the subsistence level, which leads to such negative social effects as impoverishment, alcoholism, marginalization and degradation.

Among basic subsistence activities in the subsistence base of Kalar Evenks, hunting still dominates. Along with reindeer herding, it is best suited to the local natural conditions and resource potential (Mikheev, 1995: 27). Hunting is pursued by the majority of the indigenous population of the northern Chitinskaya Province. Following the sovkhoz reorganization, the land was allotted to hunters; today hunting is permitted on officially allotted and registered plots of land. Hunting licences, weapons and bullets are passed out by the general huntsman of the district, sometimes on the basis of the agreement on the purchase of furs from a hunter. For indigenous hunters the hunting certificate itself is free of charge, while licences for hunting fur and ungulate animals, waterfowl and fishing are usually bought at a reduced price. Evenk hunters from Chapo-Ologo said that, in 2003, a licence to hunt waterfowl cost 120 rubles, and, for hunting sable, 80 rubles per head. Time-consuming and expensive bureaucratic procedures of granting licences and signing agreements on the allotment of land for hunting forced many Evenks to hunt illegally. At present the situation is also aggravated by the lack of any effective supply system similar to the Soviet one to provide hunters in the taiga with food, goods and necessary equipment. These factors hamper fruitful hunting in modern conditions and reduce the income received from it in spite of high prices of fur products.

Sable, ermine, squirrel, hare, otter, weasel and so on have become the main fur source. According to some data, in 1990 the state purchase of furs in all types of households of Kalarskiy District was as follows: 966 sables, 391 ermines, 7859 squirrels, 7859 hares, 1451 otters and 84 weasels. However, realistic data on the total amount of fur harvested is
hardly available, since roughly 50 per cent of fur animals are hunted illegally, and thus are not reflected in the official records of fur purchases (Kulakov, Ryzhiy and Snegur, 2002: 181; Mikheev, 1995: 26). In general the numbers of animals killed varied from family to family, depending on the needs and financial opportunities for buying licences. For instance, Evenk hunter O.G. Malchakitov kills more than 15 sables annually, while the Gabyshevs (three hunters) kill about 100 sables per season. According to the traditional economic cycle, the hunting season lasts from October until the New Year, and from January until March. One hunter usually uses four to six reindeer for pulling sledges during the hunt. Evenk P.P. Kuzmin describes the hunting season as follows: ‘We hunt on sledges with dogs, usually by groups of 2–3 men. [We] use 12 pair of sledges for transportation of belongings and tents. Go to hunt until the New Year when we come back to the settlement. In December in the period of the shortest days [we] set traps.’

In Kalarskiy District the organization of a fur market is an important factor influencing hunting and other closely related industries. Numerous fur-procuring enterprises, including those purchasing furs at extremely low prices or practising unequal exchange of fur for food or alcohol have spread widely following the reorganization of the hunting industry and abolition of the state monopoly in the fur market. For instance, in 2002, fur-purchasing enterprises in Kalarskiy District were buying a squirrel for 40r. and a sable for 800–900r., on average.

Red deer, wild reindeer, elk, musk deer and other species characteristic of the northern Transbaikal fauna remain the basis of meat hunting. The lack of reindeer or modern alternative means for transportation of game in many hunting households has negative effects on meat hunting and reduces participation of Evenks in it. The meat of wild animals goes, primarily, to home consumption. Rarely, wild meat is sold by prior arrangement in the district centre, the town of Novaya Chara.

Modern conditions of reindeer herding in Kalarskiy District reflect the crisis of this traditional industry on the national scale: reindeer livestock of 2.5 million head in 1969 decreased to 1.2 million in 2001 (Yernsletten and Klokov, 2002–2003: 23–73). In small-herd reindeer herding regions – Middle Siberia, Southern Yakutiya (Sakha), the northern Transbaikal Region – reindeer livestock is declining gradually as compared to the abrupt decrease in reindeer herding in the north-east. However, even small-herd reindeer herding has declined from four to ninefold (Khruschev and Klokov, 2001: 23–4). In practice, the proportions of post-Soviet decline of reindeer herding were even greater in the northern Chitinskaya Province: from 9509 reindeer in 1990, to 8644 in 1992, to 7629 in 1994, to 3039 in 1996, to 914 in 2000, to 582 in 2003. Thus, the total reindeer herd of Chitinskaya Province decreased by more than 16 times during 1990–2003. It is not surprising that, in such a situation, issues of reindeer herding and its role in Evenk subsistence are the most sensitive issues for the indigenous population. Once underlying Evenks’ subsistence base and traditional value system, reindeer herding is almost on the brink of extinction. ‘The hold [on reindeer herding] relaxed, the authorities started to grab [the goods], sell machinery. Reindeer were slaughtered on account of salaries – we needed something to eat . . . Herders stayed in their villages, drank, then took a car and went to slaughter reindeer, and brought meat for selling. Everything was left to take its course, everyone was given free hand,’ recalls G.S. Kuzmin, an Evenk from Chapo-Ologo.

Thus, in the transitional period, slackened control of the industry, mismanagement and authorities keen for gain predetermined reindeer herding degradation and sovkhoz
system collapse. Rapid decline of sovkhoz herds was caused by slaughtering of reindeer, passing out of livestock to sovkhoz herders (on the account of salaries) to individual households (where they were slaughtered), the growing wild of reindeer left without tending and with marauding predators. Informants describe the situation in reindeer herding following the collapse of the sovkhoz Charskiy: ‘Sovkhoz collapsed, salaries were not paid, and reindeer were gone. We had to live somehow, reindeer were slaughtered and sold for food.’ Only small reindeer herds survived; for instance, in Chapo-Ologo there are four or five families keeping reindeer. In Kalarskiy District the largest herd of 260 head belongs to an indigenous community obschina directed by Evenk reindeer herder S.N. Gabyshev. The average size of herds kept by other indigenous enterprises is 50 to 100 head. Thus an Evenk reindeer herding family owns some ten to 15 reindeer, usually kept with a larger herd in the taiga. The reindeer are still used for transportation. At present herders working in community obschinas practise a traditional semi-free mode of pasture which is evidence of a shift from keeping reindeer for meat and milk products with regular slaughtering and permanent watch over herds practised in Soviet times and coming back to pre-Soviet modes of reindeer herding. Evenks previously involved in reindeer herding (former reindeer herders and party leaders, reindeer-team drivers, veterinaries) devoid of opportunities to realize their professional skills regret the loss of reindeer and hope to save enough money for buying reindeer in future. Some Evenks working in communities’ obschinas have their own plans concerning reindeer herding revival: ‘State credits should be taken, then specialist reindeer herders and a good manager should be found.’ However, considering the low well-being standards of the Evenk population and prices of reindeer (8000–10 000r. per head), such plans are hard to implement, at least without state, provincial or local subsidies and assistance from indigenous activist organizations, such as Association of Indigenous Peoples (RAIPON).

Fishing traditionally remains a subsidiary industry of Kalar Evenks. According to informants, hunting and fishing are part and parcel of modern life in Chapo-Ologo. In order of its importance, fish is the second product, after meat, in the Evenk diet. During the crisis, the role of fishing increased, especially among sedentary Evenks who had neither opportunities for hunting nor extra sources of income for buying other food. Now almost every Evenk family fishes and stores fish (usually salted and frozen) for winter. Roach, grayling, lenok, and sometimes salmon trout are the most popular kinds of fish caught. In villages, Evenks fish in summer, nomadic and semi-nomadic families combine fishing with hunting and herding. In winter, ice fishing is practised sometimes. Evenk nomadic reindeer herders fish for their own consumption only, and never store fish: ‘In summer we fish for ourselves, but we still eat everything – both fish and meat. In winter I go off for fishing; interfere in my husbands’ hunting – he is afraid of me drowning while fishing’, says the only Evenk female reindeer herder in the district, Nataliya D. Danilova. Some families having motorboats in areas far from villages on the Chara River and its tributaries or in adjacent lakes located in groups. In contrast to traditional fishing devices, nets remain the most popular and dependable fishing equipment.

In the Soviet period, Kalar Evenks’ traditional economy and way of life were transformed to incorporate such non-characteristic activities as cattle raising and farming (plan growing) into the subsistence base. In post-Soviet years these industries, while part of the sovkhoz legacy, have played an important role as well. For Chapo-Ologo Evenks, farming stands mostly for growing potatoes, cabbage and other vegetables. Some families
also raise cattle, primarily cows, in spite of the disadvantages that cattle raising has as compared to reindeer herding. However, in many villages where Evenks live, cattle raising and plant growing are practised when production of other subsistence activities is insufficient. Another animal husbandry industry of northern Chitinskaya Province – keeping silver foxes – is on the brink of extinction today, which is illustrated by the following data. In 1995, 1154 silver foxes were kept in three northern districts of Chitinskaya Province, including Kalarskiy District, where 800 foxes were kept (Kulakov, Ryzhiy and Snegur, 2002: 182). By 2002, only 13 foxes were left in the whole of Chitinskaya Province. 28

While not providing any serious employment opportunities for the local Evenk population, mining industries do impact on their traditional habitation areas. In the northern Chitinskaya Province, several mining projects are carried out, including the Apsatskoie coal deposit, Chineiskoe and Udokanskoe copper and titanium ores, and Katuginskie deposits of precious metals. Some mining explorations, which are carried out without proper ecological assessment or consideration of the interests of indigenous population, pose a threat to both the fragile ecosystems of the North and the traditional land use of the local population. In contrast to the present industrial exploitation of the region, ecologists and anthropologists favour another means of the regional development – one based on the exploitation of renewable resources (Mikheev, 1995: 29). It could improve conditions for the development of the traditional economy, cultural heritage and the way of life of the indigenous population, on the one hand, and, on the other, guarantee the preservation of the natural environment, which has already been damaged by the construction and exploitation of the Baikal–Amur Railroad.

As regards the traditional economy and nature management, modern forms of self-organization and enterprises among Kalar Evenks draw researchers’ attention. For instance, at the beginning of perestroika and economic reforms aimed at the shifting of property patterns, the sovkhoz was the main enterprise embracing traditional industries. In spite of the fact that in that period kolhozes in Kalarskiy District operated with state property, in practice, individual and collective ownership of the land and equipment for traditional activities was practised (D.G. Anderson, 1998: 35–7; D.G. Anderson, 1992: 91–4). This ‘traditional’ situation ended with the dissolution of sovkhozes, though they continued living on paper in the following several years. In the northern Chitinskaya Province sovkhozes regulated on the municipal level were replaced by municipal unitary enterprises (MUP) or state municipal enterprises (GUP). State property also passed into the ownership of indigenous communities (obschinas), and farming enterprises (KFKh). According to official data, by 1995, new forms of enterprises were registered in Kalarskiy District: seven reindeer herding units, six hunting units, one horse breeding unit. 29 However they decreased dramatically in number by the year 2000. In two northern districts of Chitinskaya Province – Tungokochenskiy and Tungiro-Olekminsky – the decline of sovkhozes was followed by the establishing of numerous obschinas which also disintegrated later. In April 2002, obschina Gevan was registered and started its work in Kalarskiy District.

The obschina is directed by Evenk S.N. Gabyshev, living in the village of Chapo-Ologo since the late 1980s. After kolkhozes disintegrated he led reindeer herding, based on his own small herd. Today the obschina’s reindeer herd of some 250 head is the largest one in the district. At present the reindeer are herded along the rivers Evonokit and At-Bastakh, on the borders of Chitinskaya Province and the Republic of Yakutia (Sakha). ‘I grew up
in this area. I am local there. Before, Evenks didn’t have borders. Then started to divide. In those times our men wandered with reindeer here and there,’ explains Spiridon Nikolaevich. The herd is watched by relatives who live in the taiga all the year round and communicate with the director via a two-way portable radio. The *obschina*’s main profits are gained from hunting, especially hunting fur animals. (The *obschina* supplies its own members with guns, equipment and food and purchases furs and wild meat from hunters at relatively high prices.) In addition to the hunting and herding perspective, development of other industries like traditional handicrafts making, sewing and tourism, is planned. *Obschinas* consist of relatives, neighbours, friends and acquaintances, all of whom (with the exception of two people) are Evenks. Some 20 more people are standing in line to join this *obschina* in the future, while some informants express doubts about working in the *obschina*: ‘If they find a good specialist huntsman, then something may come out of it. If they don’t it will disintegrate in two to three years.’30 However positive opinions connected with creating jobs for the local population, comparatively profitable selling of fur and meat and pursuing of traditional activities are prevailing. Popularity of the enterprise is reflected in informants’ words: ‘the more people, the more land is allotted; and only then will money be provided for buying guns, food, reindeer’.31

Thus, at present, enterprises with state, municipal, private, joint-stock and collective property are coexisting in the northern Chitinskaya Province. Economic enterprises including the indigenous population are based on small, mobile groups of relatives and close friends who choose to register mostly as *obschinas* of small numbers of indigenous people of the North or as farming enterprises. However, in difficult economic and legal situations, these units face a series of problems hampering their development.

The main problem arising in the case of Kalar Evenk’s economic enterprises is the land issue. In Russia rights of indigenous peoples to land are guaranteed both in the main federal legislation32 as well as in a number of special laws.33 Among them, the Federal Law ‘On Territories of Traditional Land Use . . .’, hotly debated recently, is of great importance. In spite of the legal status of traditional land use territories defined by this law, the general order for their establishment has a framework character. The enforcement of this law is also hampered owing to inner contradictions found within the federal legislation: while the law prescribes indigenous peoples of the North free use of territories, the recently amended Land Code excludes this form of land use, thus leaving to indigenous representatives two options – ownership or rent. In this connection not a single territory of traditional land use has been registered on the federal level (Murashko, 2002: 20–21; Kharyuchi, 2002: 96–7).

The framework Federal Law ‘On Territories and Traditional Land Use’ and other such laws left the federal subjects with the need to work out precise mechanisms for the implementation of these acts while taking into account regional socioeconomic and cultural and historical peculiarities. In fact, over several years a solid legislative basis regulating the status of indigenous peoples in different northern regions and provinces of Russia has been accumulated, including the laws on traditional land use (Primorskiy Region, Irkutskay Province, Koryakskiy Autonomous District), on tribal lands (Khaty-Mansiyskiy Autonomous District), on land rights in the areas inhabited by indigenous peoples of the North who are few in number (Yamalo-Nenetskiy Autonomous District), on reindeer herding (Republic of Yakutia (Sakha)), on fishing (Yamalo-Nenetskiy Autonomous District) and so on. In this regard Chitinskaya Province is still an exception:
here the procedure of allocation of traditional land use territories and establishment of obschinas, territorial disputes between aboriginal and non-aboriginal population, the status of sacred and cult places of the Evenks remain unsettled. In 1994, by the enactment of the head of the Administration of Chitinskaya Province, territories of traditional land use of 1 208 950 hectares were allotted to indigenous households; however, at present, owing to disintegration or reorganization of hunting and reindeer herding enterprises allotted with the land, these territories are officially not occupied by anyone or are misused. In many cases territories previously allotted to indigenous representatives are put up for auction by provincial and local authorities, and ancestral lands of the Kalar Evenks go to other users. Thus, in recent years, on hunting grounds and reindeer pastures of Kalarskiy District, several municipal enterprises purchasing furs at low prices from native hunters operated in turn. As a result of this situation many Evenk households that had previously pursued traditional activities on these territories could not obtain the land formally occupied by other enterprises. For instance, the land claim of obschina Gevan pursuing the traditional economy has still not been satisfied: ‘He [the director of MUP laying claim to the same land] has no reindeer, only furs. But we wander on these territories, our ancestors wandered here and we must do so,’ says the obschina’s director.

Specialists still debate the opportunities for the traditional economy to exist within the market frameworks. The nature of indigenous enterprises itself causes doubts: remote markets, underdeveloped productive infrastructure of northern regions, out-of-date equipment and machinery, lack of conditions for deep processing of production and so on. In some regions post-Soviet economic transformations resulted in an even greater degree of isolation of indigenous communities from the outside world than that which existed in the pre-Soviet era (Zyker, 2002: 207–24). Some researchers argue that the traditional economy cannot be viable without state support (Sirina, 2004: 62–4), at least, at this stage of development of the national economy. State socioeconomic support of the traditional economy is also provided through federal programmes. However, such programmes are often financed insufficiently, and money allotted does not always reach its destination. State finance and subsidies provided to indigenous representatives involved in the traditional economy cannot compensate for costs of goods transportation to markets, let alone for such unprofitable traditional industries as reindeer herding in modern conditions. In contrast to other subjects of the Russian Federation, where subsidies for traditional activities are provided at the regional level, in Chitinskaya Province where the budget is formed by the federal transfer, material and financial resources for settling such issues are lacking.

In such a situation many indigenous people are nostalgic about regular state support systems which existed in Soviet times (Konstantinov, 2002: 171–88). Others, in contrast, see their future in the traditional economy and self-government which can be established through obschinas. In most cases, however, the principles and effects of Soviet policy are being reconceived, and the value of proactive behaviour is being recognized: ‘At that time [the Soviet years] everything was scheduled for the next year . . . From childhood [we] got used to things being provided to us. Everywhere – in kindergarten, in school, in kolkhoz – we were given clothes, food. That is why people lost the ability to work; and now life has shown that you need to move, think, and work.’

Thus, in the post-Soviet period, the socioeconomic problems of Kalar Evenks, among which unemployment is not the least one, have been aggravated. Traditional economic
activities and forms of land use of Kalar Evenks suffered degradation due to the effects of the socioeconomic crisis, the cessation of a protectionist state policy and abrupt and spontaneous transition to a market economy. Because of negative effects of the crisis, the existence of the traditional economic complex of Kalar Evenks, especially such activity as reindeer herding, was threatened. At the same time, ecological, legal and economic issues surrounding the existence of the traditional economy in the context of industrial development in the northern Chitinskaya Province have been raised. Economic transition to the market, often being only declarative, resulted in new forms of property and enterprises appearing among Kalar Evenks. Yet, unsettled legal status and unregulated allocation of traditional land use territories became the main obstacles in the way of the development of these new indigenous enterprises. At present, the economic survival of indigenous enterprises among Kalar Evenks pursuing traditional activities seems quite problematic without sufficient state support.

**Conclusion**

Thus, in the Soviet period the subsistence base of Kalar Evenks was transformed to the extent that the term ‘tradition’ itself, as pertaining to ‘traditional way of life’, ‘traditional economy’, and so on, should be treated only conventionally, because it reflects neither the essence of the past transformations nor the present-day realities. After the dissolution of the USSR, northern indigenous communities, including Kalar Evenks, were exposed to the worst effects of the national socio-economic crisis, such as depopulation, depression of the main economic industries, collapse of vitally important supply and communication systems, devaluation of spiritual values and an abrupt change of the way of life. In these years, communities of Kalar Evenks suffered from a decreased birth rate, deteriorating living conditions, a shift back to subsistence farming, hunting and fishing, and almost pre-Soviet ‘semi-traditional’ modes of production. Later, in the 1990s, on the global wave of environmental and indigenous movements, the phenomenon of shifting to a subsistence economy served as a basis for the discourse about ‘the revival of traditional culture’ among Russia’s indigenous peoples. It should be admitted that among Evenks in this period the level of ethnic self-identification grew, an interest in pre-Soviet forms of traditional economic activities and handicrafts intensified, and participation in indigenous public and political organizations increased. However, in the context of the post-Soviet socio-economic crisis these trends can be described as a form of ‘dis-adaptation’ rather than as a ‘traditional culture revival’ of the indigenous population. In fact, the whole subsistence base of Kalar Evenks, as well as that of other indigenous groups of Russia’s North, has suffered irreversible transformations, making the shift back to traditional forms of socio-cultural adaptation questionable and unfeasible. The transformations of the twentieth century resulted in settlement and the withdrawal of the overwhelming majority of the Evenk population from a subsistence economy, in variations of nomadic patterns, in shrinking territories of traditional land use, and in new expressions of material and spiritual culture. Thus, transformations of the subsistence base of Kalar Evenks should be considered as a continuous adaptation process, when a group both preserves time-proven traditions and sensitively reacts to innovations in the socio-cultural environment, rather than as an instant shift back to traditional forms of livelihood.

Under the present-day socio-economic conditions Evenks will hardly be able to cope with their problems. State support is required in several vitally important spheres, including the
social sphere (monitoring of federal health and educational programmes), the economy (stimulating traditional industries), and legislation and politics (working out regional enforcement mechanisms for the laws on obschinas, territories of traditional land use, allocation of land, and so on). On the other hand, the proactive approach of Kalar Evenks to the present socio-economic changes, implying their participation in the community’s social life, politics and decision-making, should be laid at the basis of their new adaptation strategy. The process of working out this strategy should start with destroying the stereotype of Evenks as victims of socio-economic collisions, as inert and uneducated people, fully dependent on the government’s will, should continue with involvement in the socio-economic and political processes taking place in the region, and should result in the co-management of natural resources and the formation of socio-economic and political partnerships with other stakeholders operating in the areas which they inhabit.

Notes
2. According to the existing administrative division, the Russian Federation consists of regions (kray), provinces (oblast) and autonomous districts (avtonomniy okrug), which in their turn consist of districts (rayon).
3. The geographical and cultural region that, from Moscow’s point of view, lies on the opposite side of Baikal Lake.
4. Archival materials analysed by B.O. Dolgikh testify that Evenks Orochons paid their yasak, primarily, in Akimensk and Olekma fortifications (or in their branches in Chara and Tungir).
5. In the Russian Empire, yasak served as a tribute or tax imposed on the indigenous population of Siberia by the Tzar and was usually paid with precious furs.
6. Interview with Evenk hunter, author’s field records, 2002.
7. Author’s field records, 2002.
8. Author’s field records, 2003.
9. Cases 714, 964, 695; fund 927, State Archive of Chitinskaya Province.
10. Author’s field records, 2002.
11. Case 43; list 1; fund 772; State Archive of Chitinskaya Province.
12. Author’s field records, 2002.
13. Case 692, list 1, fund 927, State Archive of Chitinskaya Province.
14. Cases 679, 706, 700, list 1, fund 927, State Archive of Chitinskaya Province.
15. The data were provided by the Economic Bureau of Kalarskiy District, Chitinskaya Province.
17. Data provided by the Economic Bureau of Kalarskiy District, Chitinskaya Province.
18. Interview with Evenk woman from Chapo-Ologo, author’s field records, 2002.
19. Data provided by the Economic Bureau of the Kalarskiy District, Chitinskaya Province.
21. Author’s field records, 2002.
22. Statistical data of 2000 and 2004 provided by the Administration of Chitinskaya Province.
23. Author’s field records, 2002.
26. Author’s field records, 2002.
27. Author’s field records, 2003.
28. Statistical data of 2004 provided by the Administration of Chitinskaya Province.
29. Statistical data of 2000 provided by the Administration of Chitinskaya Province.
30. Author’s field records, 2002.
31. Interview with Ludmila V. Malchakitova, author’s field records, 2002.
34. Statistical data of 2000 provided by the Administration of Chitinskaya Province.
35. Author’s field records, 2002.
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Introduction

This chapter describes two complementary trends and several local categories of economic strategy observed among the Dolgan and Nganasan in the Taimyr Autonomous Region, Northern Russia. With the collapse of the planned economy after 1991 and the introduction of market and democratic reforms, entrepreneurship among the indigenous peoples of the Russian North was hoped to replace the large and inefficient state farms (sovkhоз) where most native people worked. President Boris Yeltsin issued a decree calling for immediate measures to protect the land and economic activities of the native people of Siberia. In Taimyr, charters were granted and land was allocated to small native organizations wishing to produce and market goods in the regional economy. The success of these organizations was, and still is, mixed. A complementary trend is found in local economic levelling mechanisms that function to maintain social equity in remote native communities. Despite the drastic changes experienced throughout the twentieth century, allocation and distribution of resources occurs mainly according to social relationships rather than economic payoffs. By looking at observable resource transfers and the traditional logic behind them, the effectiveness and combination of strategies can be described. It is arguable that flexibility in non-market economics provides a floor on economic destitution and a ceiling on aspiration in remote communities in the Taimyr. It remains to be documented how generosity and sharing survives a context of global markets developing largely in Taimyr's urban centers.

Property ‘solutions’ and entrepreneurship

As Russia began to transform its economy into a free market in the 1990s, federal orders specified five paths of reorganization for Russia’s agricultural enterprises: (1) liquidating the enterprise; (2) making it the subsidiary of an industrial enterprise; (3) splitting the unit up into smaller units such as peasant farms (krest’ianskoe-fermerskoe khoziaistvo); (4) creating a joint-property agricultural enterprise (TOO, AO or cooperative); and (5) keeping the existing form but reregistering it as group property (Van Atta, 1993). Because Soviet agricultural enterprises were the main sources of employment for the majority of indigenous Siberians, the liquidation, sale or splitting up of these enterprises was a real threat to traditional lands and the livelihoods made there. A decree by President Yeltsin in 1992 was intended to help ‘protect traditional territory and economic activities’ of native Siberian minorities. The 1992 decree set up a private property ‘solution’ for protecting native Siberians, which mollified indigenous political leaders who were declaring goals of greater self-determination in native cultural, political and economic affairs (Aipin, 1994; Pika, 1999). Yeltsin’s 1992 decree set up a new property framework for native Siberians which promoted development but was still flexible enough in its organisation to allow for
indigenous communal traditions. In this way, the new land categories were social and eco-
nomic entitlements intended for a small minority of Russia’s population. In reality, however, most of the land in Taimyr has remained under the control of the district and regional governments, successors to state enterprises and national parks.

The 1992 decree did not allow for collective bargaining by indigenous political associations on behalf of their constituent ethnic minorities. As Gail Fondahl and colleagues (2001: 550) describe for Sakha-Yakutia, land claims did ‘not originate out of any notion of pre-existing aboriginal rights which were not extinguished or were not addressed in an existing treaty, but rather out of more general structural and economic reforms which valorise the relocation of decision making to units most informed about, and potentially affected by, such decisions’. In the Taimyr region, dependence on the regional administration for financial support and office space limits the ability of the Association of Native Peoples of Taimyr to act as an independent agent in negotiating land allocations.

Following the 1992 decree, in the Taimyr region legislation was passed which defined private (lichnoe podsobnoe), peasant (krest’iansko-promyslovoe), kin-based (semeino-
rodovoe) and communally based (obschchina-rodovoe) holdings (khoziaistvo). Moreover local administrative documents, supported by regional legislation,2 clearly assigned land along with the registration of these legal entities. By Dudinka District legislative deci-
sions, family/clan or communal/clan holdings for indigenous families and associations were created and assigned land bases ranging from one hectare to 800,000 hectares.3

In practice, some people were able to create such native holdings more easily than others, simply because of their familiarity with bureaucratic matters or their residence in the regional capital (compare with King, 2003). In most cases, there seems to have been an inverse relationship between opportunities to create and use landholdings (implying familiarity with the capital and its institutions) and hunters’ ability to spend time on the land. Only 48 family/clan/communal landholdings were formed in the Taimyr region between the 1992 presidential decree and the spring of 1997. Most of the people who created these and other holdings lived in the Taimyr region’s urban centres. Many fewer family/clan/communal holdings were located in and around the 17 villages, where most of the native population lives.

Patron–client relations may have been a factor in some cases. Relatives living in the city or unrelated middlemen, usually non-natives, could take care of most of the paperwork connected with forming the family/clan/communal holding, as well as make promises with regard to matters of supply and marketing of produce, leaving the hunter and his family in the tundra to do the work of production. Although in theory such intermediating relations should have been just what were needed for the success of landholding units in remote areas, the arrangements were often unbalanced, especially those which involved non-local entrepreneurs as the middlemen. In some cases, the relationships turned sour, when the middleman made a quick profit and departed the region, and the hunter was left out in the cold, so to speak. At that point, there was no option other than to re-create an economic relationship with the state enterprise. When middlemen were relatives living in the city or native individuals in positions allowing for frequent travel to the city, the relationships were more successful. A new trend making its appearance in 2001 is the indigenous middleman. In the village of Volochanka, a family/clan holding has taken over the village store, bakery and, more recently, has opened up a liquor store. The store takes tundra products, such as furs, fish and meat, from hunters and gives advances or credit in
the form of groceries. This is analogous to a traditional merchant strategy practised among the Dolgan in the nineteenth and early twentieth centuries.

Proximity to the Taimyr's urban centres facilitated access to services, markets and government, which helped in maintaining administrative requirements and in making a profit on private sales of meat, fish or furs. The distribution and growth of family/clan/communal holdings in the Taimyr region should be understood politically. Early on in the process, family/clan/communal holdings, incorporated as legal indigenous enterprises, were awarded 'Government Acts', which conferred rights to hunting and fishing land as lifelong-inheritable property (pozhizneno-nasleduemoe vladenie). Later in the 1990s, the region favoured five- and ten-year renewable leases (arenda). Now native land holders must pay 1 ruble per year per hectare for the lease (Zhenya Chuprin, personal communication, 3 September 2004). The Dudinka mayor cited the comparative ease of reallocation as the main reason for favouring leases. To many natives it is more than ironic that they must lease their traditional land from the government. The holders of family/clan/communal land were granted rights to 'use rationally' renewable game and fish resources on their holdings. While on the surface this seemed reasonable, in fact it provided a loophole for reallocation of indigenous hunting land, particularly if it could be demonstrated that resources went unused.

The situation was similar for non-native newcomers (priezheie) and Sibiriaki (Russian Siberians), who were also involved in the fish and game industry. Twenty-nine non-natives were able to form peasant hunting holdings (krest’iansko-promyslovoe khoziaistvo) and they, too, were assigned land. The land assigned to non-native hunters in the form of peasant hunting holdings was also asymmetrically distributed throughout the region, with a bias towards the urban centres. The region required the peasant hunters to have ten years’ experience in hunting (promysel), whereas five years was the requirement for heads of native family/clan/communal holdings. There were other, more restrictive, requirements for the peasant hunting holdings as well. For example, they were required to pay nominal fees for the land they leased, even though land taxes had been banned by Yeltsin’s 1992 decree on immediate measures for indigenous Siberians. The result was that peasant hunting holdings were more clearly oriented towards business than towards domestic production or homesteading. A few non-indigenous personal plots (lichnoe podsobnoe khoziaistvo) were created, and the region allocated ten plots, generally one to 15 hectares relatively close to the city, which were used for subsistence fishing and hunting.

Creating the family/clan/communal holdings and claiming land did not necessarily provide an advantage for indigenous hunters in an economic sense. I asked heads of family/clan/communal holdings and gospromkhoz hunters in the main study community (Ust’-Avam) why they decided to make the land claim or not. Hunters felt there would be little advantage to establishing the private holding, whereas there would be a lot of cost and effort (Ziker, 2003). The major players involved in allocating land were all located in Dudinka, including the Taimyr regional land committee, the Dudinka city land committee, the hunters’ union, the tax authority, the Association of Peoples of Taimyr and the city council and regional legislature. All of these organisations had to be approached and negotiated with, and their signed approval, or a contract, was required to create any type of holding. The police (militsia), from whom permission to own a firearm was obtained and with whom residence was registered, also played a role. Those who did establish holdings generally did so to gain independence from state enterprises or to make a better life
for themselves (ibid.). Although some of those with good access to markets have been able to make ends meet, none has become wealthy.

Creating a private landholding was often interpreted as a kind of business that, in effect, took land and resources out of state enterprise control. Officials running the successors to the sovkhozy and gospromkhoz were known to view inquiries or requests to claim land unfavourably. In addition, few people employed as hunters wanted to cut off all means of support from the state enterprises, which minimally provided eligibility for pensions upon retirement and maximally provided irregular supplies and rare opportunities to turn in surpluses for assurances of cash. In fact, hunters wishing to create holdings and claim land were required to quit their jobs at the state enterprise. Creating a family/clan/communal holding was locally interpreted as ‘taking one’s share from the collective’ (vydelit’sia). Some of the native or Russian heads of these holdings were referred to disparagingly as fermery (farmers) or arendatory (renters). This created a dynamic that prevented most hunters living in remote villages from creating holdings and taking land out of the collective.

There were cases in which the creation of a family/clan/communal holding was clearly part of a local political struggle, with little benefit to those involved. In the sovkhoz Tukhard, nine extended families of Nenets reindeer herders took their shares in reindeer and entered an association of family enterprises, which received pastures in the area and had the right to sell reindeer products. The head of this association was a non-native former professional in the sovkhoz Tukhard who wanted to create his own distribution and marketing network. The remainder of the reindeer herders in Tukhard continued to work through the state enterprise with their previous brigade territory. Three years later, in 1997, when I visited Tukhard, the mayor told me, ‘Horseradish is no sweeter than turnips.’ This Russian proverb appropriately described how those who joined the association of family/clan holdings were indistinguishable, in terms of their economic situation, from those who remained with the sovkhoz. The same could be said for the majority of those in such rural settings in Taimyr.

In 1997, I reviewed 170 resolutions (postanovlenie) of the city of Dudinka which related to land allocation. Most of these decisions (141) dealt with what I designate as productive land. Productive land is territories which provide some access to important renewable resources, such as fish, deer, fur bearers and wild plants, which are used for household subsistence, sale or both. Of the 141 allocations for productive land, 80 were made to non-indigenous organisations and holdings, and 48 (more than one-third) were made to indigenous holdings. This fact is significant, because the indigenous population of the region is 21 per cent of the total population. The statistic provides some evidence for the interpretation that family/clan/communal holdings are a form of social entitlement. As mentioned earlier, 29 allocations were made to peasant hunting holdings, and ten acts allocated land as personal plots. So 39 allocations were made to non-native people working or living on the land. The remaining 41 allocations of productive land were made to the Noril’sk fish processing plant and, later, to an entrepreneurial middleman who took control of a number of these fishing spots (tochki) with access to Noril’sk in the Piasina watershed. Existing political and economic connections appear to have been fundamental determinants in the allocation of productive land for all of these categories.

Moreover, 29 acts allocated parcels, mostly under three hectares, for various industrial and social purposes, such as a reconnaissance base for the Taimyrskii geophysical...
expedition, a new electrical generating station for the village of Volochanka, new schools in villages and vacation bases for organisations in Dudinka and Noril’sk. Again, social and political considerations provided the justification for these land allocations. Seven acts gave land previously allocated to organisations or holdings back to the district’s ‘fund of redistribution’, controlled by the land committee. In reality, the regional government is the ultimate owner of these lands. Four allocations were reregistrations, or reclassifications, where they changed from peasant hunting holdings to family/clan/communal holdings, for example. As of 1 January 2004, 163 enterprises of various forms of property were registered for the entire Taimyr region. Sales for the entire sector were 3.6 million rubles in 2003, which meant a 13 per cent reduction from the previous year.4

In addition to their role in recent formal property claims, the local state enterprises (sov khozy, gospromkhoz, rybzavod, etc.) and their successors continue to play an important role in local economics and social organization in Northern Siberia (see Gray, 2000; Stammel and Ventsel, 2003). Most of the aforementioned enterprises were such successors. Beyond the potentially transitory nature of assigned territories and leased land for family/clan holdings, hunters had strong positive feelings towards their hunting grounds. Hunters have, in effect, inherited the resources assigned to them in the socialist period even if they have not officially registered their property. A series of laws passed in 2003 in Taimyr mirror laws passed by the State Duma of the Russian Federation in 1999–2001. These regional laws outline the basis of indigenous rights, define traditional types of economic activities of the indigenous peoples of Taimyr, and promote indigenous language in Taimyr. While this legislation is symbolically important, entrepreneurial opportunities in remote villages remain limited (Zhenya Chuprin, personal communication, 3 September 2004).

Local logic of exchange
The Dolgan and Nganasan are two of Russia’s indigenous minorities, living in the Taimyr Autonomous Okrug located in north-central Siberia. The Dolgan language is similar to Sakha (Yakut), the northernmost branch of the Turkic language family. The Dolgan population is close to 6000 people, and includes Sakha, Evenk and Russian ‘tundra peasant’ ancestries. Dolgan families traditionally practised reindeer pastoralism, mostly in combination with big-game hunting, fishing, trapping, and mercantile trading. Fewer families travelled by dog team. Nganasan is one of six languages in the Samoyedic branch of the Uralic language family. The Nganasan traditionally hunted wild reindeer, and fished and trapped with dog teams and small domestic reindeer herds, but, unlike the Dolgan, rejected Russian Orthodox missionaries. Currently the majority of the approximately 1000 Nganasan live alongside the Dolgan in three permanent settlements, one of which is Ust’-Avam, the focal community in which this research was conducted.

Complementing the relatively bold and economically risky endeavours of families and related groups of families in creating native holdings, a series of local indigenous formulae are used to distribute the products of hunting and fishing within the community. These distributions are made to relatives, friends, single mothers and pensioners, as well as to other people who ask (Ziker, 1998). According to a number of these types of distributions, no return payment is required. Other types of exchange are closer to barter or trade, and these means of exchange are generally conducted with non-community members.
'Half of the community is my kin (rodnia)!' This statement is a representation of the connections that individuals emphasize, either through consanguineal or affinal ties, to many households in the community. The connection may be used by who one tends to visit and have a meal within the community. It also entitles some people, generally non-hunters, to part of the catch that may be given spontaneously or upon request. For example, Natasha C. told me in 2001 that she shared meat with her cousin because ‘She is a single mother and a relative. If we have meat, we are not stingy when she asks for some. We always know that she doesn’t have any meat.’ Natasha’s statement brings up two points that are relevant to explanatory models of human kinship: (1) the woman to whom Natasha gives meat is a relative with children, who have high nutritional needs, thus care extends through networks of kin; and (2) There is little or no expectation that she will work off the debt. In fact, she is not in debt. She helped her relatives (i.e., by taking care of their grandchildren), but was paid a small amount of cash for this help. No one in Natasha’s household felt that the woman was indebted to them for the meat given.

Closely related to the concept of rodnia is the use of the Russian word ‘svoii’, or my own people. The definition of my own people probably varies through time, but usually includes the extended family and close friends with whom bush foods are shared and acquired cooperatively. Hunters referring to subsistence activities and non-market distribution would usually say that the food was ‘for ourselves’. Both of these concepts facilitate a type of sharing that anthropologist Marshal Sahlins characterized as generalized reciprocity, the most altruistic form of exchange where return gifts are not requisite to future gifts. Residents interviewed in Ust’-Avam in 1997 mentioned relatives as the most common category of people given meat and fish. Relatives were also mentioned as the most common sources of bush foods (following ‘the tundra’). The importance of relatives to individuals in Ust’-Avam includes help, communication and sharing, as well as properties of kinship, such as older/younger distinctions and number of kin. Kinship is a well-developed concept there.

Mutual acceptance of kinship through a variety of classification schemes, extension and manipulation of categorizations can serve as a claim to certain preferential treatment or rights. If accepted, kinship is a way entitlement to bush food, cooperative hunting, shared meals and other social activities can be fostered. There are obligations too, the main one being a positive predisposition toward the giver. The main cost to the giver is the offering of time, effort or resources when they could be used elsewhere. Negative attitudes toward a giver are usually not tolerated for long. Kinship is a reason Ust’-Avam residents give meat to other families in the community, and consanguineal kinship links are strong predictors of meal sharing. But some giving extends beyond kin.

‘Never return a bag empty!’

More than one informant referred to this statement as a traditional Dolgan rule. I saw it in action many times. A hunter, or his wife, gave a sack full of meat or fish to someone who came by, and later, a bag would be returned with a book of matches, some pancakes, or even a button. This rule is akin to Sahlins’ (1972) concept of balanced reciprocity, where returns are made in the customary equivalent and time frame. As in other contexts, delayed returns in Taimyr emphasize the social relationship and not the value of what is being exchanged. The people involved in such an exchange could be mutually recognized
kin, but there is no requirement that they be kin. What may be equally significant is the monitoring of the attitude of exchange partners (cf. de Waal and Berger, 2000). If people’s intentions are predisposed toward cooperation, it is not important that the return is valuable. It is the fact that something is returned, beyond an empty bag, which demonstrates the cooperative intention and potential as a future partner. One informant answered that he gave fish to his friends ‘because they are friends. We don’t count things.’ Thus, with friendship, the emotional and cooperative investment in the relationship may allow for returns, which are unequal, delayed, or in some other currency, such as moral support. What might be the most important in friendship is the expectation of aid, when needed and available. Under this definition, actors gauge each other’s willingness to cooperate and to follow through with aid, rather than calculating the cash or trade value of resources exchanged.

‘I give it, if I have it!’

This is also a traditional rule as identified by informants in Ust’-Avam. This statement assumes that an alter-ego makes a request for some bush food. An analysis of the relative need of the alter-ego, the amount of bush food on hand and the probability of obtaining more bush food in the near future is being made. Demand sharing has been documented within a variety of small-scale societies (Peterson, 1993; Fortier, 2001) and it occurs in Ust’-Avam when non-relatives and neighbours come by a hunter’s household and put pressure on the hunter for some of the catch. In terms of demand sharing, such a statement is part of the levelling mechanism, which distributes bush food from the ‘haves’ to the ‘have-nots’. It seems obvious that shares of kills would be requested or their ‘theft’ tolerated, especially if there is a large quantity and other people put pressure on the hunter (Blurton Jones, 1984; Hawkes and Bleige Bird, 2002). For example, in Tanzania among the Hadza the ‘demand’ style of food transfer is common with ‘insistent claims especially audible at the kill site . . . Arguments sometimes break out about shares and their size’ (Hawkes, 2001: 222). If one only looks at an alter-ego making a demand for bush food, then this might qualify as one-half of Marshal Sahlins’ concept of negative reciprocity, attempting to get something for nothing with impunity. However, since hunters see themselves embedded in a local cosmology with the Taimyr tundra and the reindeer as conscious actors, this kind of exchange may be closer to balanced or indirect reciprocity. What goes around comes around. ‘I give it, if I have it!’ is a component of the local worldview that is akin to Bird-David’s (1990) ‘giving environment’ and Anderson’s (2000) ‘sentient ecology’. It is considered a sin in Ust’-Avam to not give some bush food if the hunter or his family has some, and the person requesting it does not. Informants state that ‘the hunt simply would not happen’ if food is not given away to those who need it. In Taimyr, it appears that requests for food are sponsored by the traditional norms of fairness and mutual aid, rather than strict utilitarian need and avoidance of costs of defence.

These three kinds of statements illustrate three ideal models of how the ceiling and floor are maintained in the local political economy in Ust’-Avam. Richard Lee (2003) describes a similar situation for the Ju’hoansi in Botswana, who employ ancestral knowledge and practices and their legendary ironic sensibility in dealing with the changing world. Lee states that the Ju’hoansi’s ‘secret weapons’ for survival are their ‘adherence to a communal mode of production, an ethic of sharing, and egalitarianism . . . [which promote] . . . ‘a ceiling above which one may not accumulate wealth and power and a floor
below which one may not sink’ (Lee, 2003: 198). These limits on both ‘aggrandizement and destitution, on upward and downward mobility are maintained by powerful social mechanisms, such as ‘insulting the meat’ and other levelling devices’ (ibid.).

There are three more concepts of exchange commonly discussed in the community, and these generally pertain to business with outsiders.

**Barter**

Unlike hunters, herders and peasants in more accessible parts of Russia, where roads facilitated sales and barter of meat and fish to outsiders (cf. Humphrey, 1999, 2002), the community is far from any city and the people have infrequent opportunities to barter their products. In structured interviews in 1997 in Ust’-Avam, over half of those interviewed (half of Ust’-Avam’s household randomly chosen) were of the opinion that the occurrence of barter had increased in comparison with the situation before the collapse of the Soviet Union. The rest were equally divided between those who thought that barter had diminished, was the same, or who did not know. Barter of bush food for gasoline, spare parts or groceries is a strategy that some hunters follow some of the time. But this strategy is risky. Some hunters receive a down payment on the bush foods turned in (some gasoline, for example) but never receive the final payment for the meat or fish (money promised). In this way, barter is closer to negative reciprocity, as defined by Sahlins. Once exchanged, however, goods received often flow into the local exchange network according to the first three principles above.

**Turn-in by contract**

This type of exchange with former state enterprises is the successor to the production plans of the Soviet era. Hunters who kill enough caribou or catch enough fish to fill a helicopter (approximately three tons) contract with the former state enterprise to have that picked up. Both the former state enterprise administration and hunters usually view this arrangement as a system of negative reciprocity, however. The hunters never get fully paid, and the state enterprise never gets all the goods it pays for because some of it gets skimmed off at every turn.

**Sales**

This is the newest form of exchange in the region. Local hunters, acting as entrepreneurs, arrange for sales of bush food in the region’s cities. This type of exchange is ideally closer to balanced reciprocity, but in reality negative reciprocity creeps in. It is the hope of the region’s planners that this form of exchange will add to growing the economy in the neo-classical sense. It remains to be seen how many people follow this strategy, and what is done with the profits. The Taimyr region has issued a small number of grants to young members of a remote native community to develop entrepreneurial approaches to traditional activities.

Observations made over a decade of work in Ust’-Avam (Ziker, 2002) show a shift in the types of exchange employed by Ust’-Avam hunters over time. Most bush food was turned in to the state enterprise earlier in the 1990s under the planned economy. That practice gave way to an emphasis on local sharing and sporadic barter with outsiders during the mid-to-late 1990s. In the new millennium, local sharing and sporadic barter continues, but turning in by contract and sales of bush food are increasingly common.
These shifts demonstrate flexibility in exchange practices being employed locally and regionally which allow for flows of goods and services into the community when possible, and for supporting local community members in times of need.

From my observations, elders and adults in Ust’-Avam constantly promote the values and morals that form the local ethic of sharing. Examples of generous characteristics, such as the young hunter/fisherman who shares some of the catch with an aunt or grandparent, are promoted. Incorrect behaviour, such as hunting too many animals or treating them in an irreverent way, can have supernatural consequences. Knowledgeable people, who are usually elders, are experts at seeing these causes and effects, as they have been doing it the longest. These traditional cosmological understandings are connected to food sharing in the community, shaping moral obligations about access to resources. These ideas imply and encourage cooperation among a wide set of kin and friends in the community, and this helps to perpetuate the strategy, while maintaining the ceiling and floor in the local economy through pooling of resources (Barnard, 2002). Resource pooling is a way to attenuate risk and the ceiling on production (correct use of animals) helps to promote their presence for future hunting.

Property, entrepreneurship and levelling

Indigenous Arctic communities in Siberia have gone through rapid social and economic changes associated with the establishment and the collapse of the Soviet Union. For native Siberians, these changes included settlement into villages and employment in a planned economy during Soviet ‘construction’, and development of a mixed subsistence economy with elements of a nascent market economy after 1991. The economic isolation of native communities after the implementation of democratic and free market reforms in Russia provides an extreme example of unintended socioeconomic and geographic differentiation of the country’s population (also see Ruble et al., 2000).

Property, and the access to resources property facilitates, have gone through a series of transformations in the former Soviet Union and Eastern Europe in the last decade. In many cases across the postsocialist world, the introduction of private property, arguably the fundamental element for a free market society, has brought on unintended results and increased hardship for people living in the region (Burawoy and Verdery, 1999). An example is the privatisation of domestic reindeer and pasture of former state farms in the southwest Taimyr region. On both sides of the Yenesei River, privatisation led to a rapid loss of domestic reindeer. Young people were no longer certain of earning a salary from the former state enterprises, and so the economic benefits and prestige associated with the job decreased. In addition, some people bartered their deer in exchange for alcohol and, while these people can still hunt and fish, they now depend to a greater degree on their relatives or state institutions for assistance. Title to land for private native enterprises was allowed as far back as 1992, but most people living in remote communities find little advantage and much cost to making land claims. On the national and international levels, such land claims are justified in terms of the indigenous rights movement and need for native self-determination. The reality in Taimyr is quite different, as land issues are dealt with on a case-by-case basis with little or no collective bargaining for indigenous lands.

The maintenance of the domestic moral economy (Scott, 1976; Peterson, 2002) in remote Taimyr communities calls into question dominant views on human nature shaped largely by the profit motive. For example, local social definitions of cultural success and
proper behaviour are important for understanding non-market economics among the Dolgan and the Nganasan. Hunters have been regularly transferring the bulk of meat and fish they procured to their elders or spouses upon returning to the village, whereupon much is redistributed to relatives and friends. Requests can occur at every stage of distribution, and active hunters usually give plenty away. However the elders or spouses, many of whom are the keepers of keys to storage areas, redistribute most of the raw food to their close relatives, especially those with children, as well as to friends and acquaintances. Much of this sharing is done spontaneously (i.e., without requests or demands). In fact, certain relatives may be sought out to receive some meat. Hunters and their families also give to other people who ask for food, especially single mothers and pensioners. In these cases, they usually give relatively small portions of raw food, and host such people at meals more rarely than relatives. While control over resources is usually exerted at the kill and upon returning to the village, local understandings of property require hunters or their relatives to share some portions of the catch with other people, otherwise ‘the hunt simply would not happen’ in their terms, and their luck might go bad. Property is not simply the ability physically to defend a resource (cf. Blurton Jones, 1987; Hawkes, 2001).

Since 2001, the Taimyr region has been encouraging entrepreneurship among native adults in Taimyr. The programmes associated with this policy had been limited to a handful of individuals who received grants to purchase equipment, such as a snowmobile and a sewing machine. The grants were awarded after a short training period and submission of a written proposal. Reports were due after one year to justify the expenditures. Currently entrepreneurial licences are being issued to those who apply. Native entrepreneurs in the Taimyr region have had mixed success. Those who are hunting and fishing within 100km of the Taimyr’s industrial zone (the cities of Noril’sk and Dudinka) have an advantage over those in more remote communities because of access to markets.

Conclusion
Across northern Eurasia reindeer are incorporated into local and non-local systems of social exchange, making them important materially, symbolically and emotionally to indigenous people, and economically to localities and regions. The social movement of reindeer occurs prominently while the deer are alive, as in rituals of marital exchange when the animals are dressed in their finest harnesses, and at corral, when ownership of unmarked deer is negotiated. The social movement of reindeer also continues after animals are slaughtered in local spheres of distribution and consumption. With the abatement of planned production norms following the collapse of the Soviet Union, a combination of market and non-market considerations, including indigenous concepts of property and entitlement, demonstrates the importance and flexibility of Dolgan and Nganasan exchange practices, which contribute to the sustainability of their communities in a rapidly changing context.

Resembling the shifts in property relations identified by Hann et al. (2003), a variety of strategies and exchange practices are being followed in Ust’-Avam. The hierarchy of estates of the USSR where each bureaucratic layer had a part of the multiple rights to communal resources weakened and expanded in the 1990s to include informally managed common property, formally administered individual property, such as family/clan
holdings, and informally managed individual property. The social movement of meat in Taimyr has changed from formal transfers according to state plans, complemented by sharing and barter ‘on the left’ (i.e., illegally), to a focus on sharing and local transfers (according to an ancestral discourse of cosmic balance and relationships), complemented by occasional exchanges with external agents on a neoclassical economic basis.

This flexibility in indigenous exchange networks and cosmology in Ust'-Avam imparts viability to social and economic strategies and practices and makes it possible to adapt to a changing context. Arctic peoples have long experienced changing context, from the obvious seasonal changes and medium-term resource flux to historic contact with successive colonial powers. Thus a variety of exchange strategies likely developed historically which can be drawn upon at various times. Limits on resource exploitation are encouraged through ancestral, relational cosmologies thatelderly and adults use in Ust'-Avam in day-to-day conversation, just like the Ju/'hoansi. The creation and maintenance of one’s own network of close people operate on another level through the transfer of bush food. While vigorous requests for food (demand sharing) do occur in the village context, this strategy does not appear to account for the majority of local resource transfers. Spontaneous giving does occur in Taimyr, especially between kin. This sharing of bush food ensures some equitability of resource distribution within a set of cooperating individuals, thus minimizing economic distinctions and creating expectations for future cooperation. The flexibility of exchange practices, and influence of elders, also allows for some articulation with the market economy and governments on one hand, but limits or conditions the impact of new technologies and social institutions through indigenous leveling mechanisms.

Finally property or agreements about access to resources is a critical issue, which appears to be in a holding pattern in Taimyr. Formal allocations of land have been made, but what people do in the local community rarely respects the regional governments’ system of allocation. All in all, the traditional strategies and practices are being maintained (through local experts who know and express the right way to treat one’s own family and community members) despite changing government involvement and the expansion of the global economy.

Notes
2. For example, the decision of the Soviet of Peoples’ Deputies of the Taimyr Autonomous Region ‘about the program of development of village and hunting/trapping farms of the region in the conditions of transition of the economy onto market relations’ (25 December 1991) had the goal of increasing responsibility for the condition, protection and rational use of hunting and trapping resources, and several small-scale companies were allocated land in reference to this decision. Later, holdings were issued under the decision of the Malyy Soviet of the regional Soviet of Peoples’ Deputies no. 4 (22 January 1993), ‘A temporary order for allotting [zakrepleniia] holdings and granting [predostavlenie] lands in the boundaries of territories of living and economic activities of small-numbering peoples in the Taimyr Autonomous Region’.
3. Family/clan and communal/clan holdings had both an indigenous identity and a kinship element in their organisation; some incorporated a number of families. The organiser or organisers of the holding were required to maintain contacts with government offices in the capital for regulatory and financial purposes, and the products of hunting and fishing were to be sold in urban markets or kept for private (svoy) use. Thus the organisation of these holdings was flexible enough to encompass both small businesses and extended family economies, or homesteads. The political rationale behind the allocation of these holdings
was self-determination and sustainability of indigenous economic practices, including reindeer herding and other traditional forms of food production.

4. Information from the Taimyr website (www.taimyr.ru/economics).

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Introduction
A dynamic private sector is a key component in providing opportunities for people to build a better life for themselves and their families, and contribute to the communities in which they live. Nowadays, more than 26,000 Small and Medium Enterprises operate in Mongolia, and contribute about 75 per cent to her GDP. Thus SMEs play a significant role in the socioeconomic life of the country. However, owing to some socioeconomic specific conditions of the country, such as low market capacity, landlocked geography, underdeveloped infrastructure, dependence on imports of raw materials and lack of investment, the development of SMEs in Mongolia is unsatisfactory compared with that in other countries. In order to help them overcome the difficulties that they face in development, the Government of Mongolia approved and implemented the ‘SMEs Development Programme’ in 1999. The main purpose of this programme was to create a favourable economic and legal environment for the development of the SMEs. Nevertheless the SMEs still face considerable constraints and obstacles, especially in the urban area. This chapter gives an overview of the SME in Mongolia by examining the current situation, and attempts to analyse the obstacles and constraints faced by the entrepreneur in Mongolia.

Section 1 Country background
Mongolia is located in Central Asia and is roughly three times the size of France and four times that of the United Kingdom. Mongolia covers an area of 600,000 square miles and has a population of only two and a half million. Half of the inhabitants are under the age of 20 and approximately 893,400 people live in the capital city, Ulaanbaatar. Population density is about four people per square mile and Mongolia is one of the most sparsely inhabited nations on the earth. Of the work force, 42 per cent is engaged in agriculture and 12 per cent in industry. Wages are low (around US$67 per month) and, as of the end of 2003, 33,300 people were officially registered as unemployed, while the actual unemployment rate is about three times higher (Mongolian Statistical Yearbook – 2003, 2004).

Mongolia has a rich history. Its statehood is more than 2200 years old. In 1206, Genghis Khan united the Mongolian tribes and founded a unified Mongolian state. It is one of the few nations that represent the diminishing nomadic civilization with its specific way of life and traits. Waves of nomadic migrations and the formation of steppe empires on the Mongolian plains left their mark in history. Compared to the sedentary civilizations, the nomadic people try to live in harmony with nature and to preserve it. Besides its nomadic culture, Mongolia has successfully developed the modern culture as well.
Until the beginning of the twentieth century, Mongolia had a colonial economy. Between 1921 and 1990 there was a centrally planned economic system and socialist command economy. In 1990, there was a democratic revolution. Since then, changes have affected all aspects of life. Mongolia today is in the process of transition from a planned to a market economy. Since 1990, there have not only been economic changes but changes in its social and political environment as well. These fundamental changes brought about a massive decline in economic growth and created many problems in the years immediately after the collapse of the single party system. At present, the Mongolian economy exhibits both positive and negative trends. Although the positive trends have not been totally adopted until now, the transition to the new market mechanism has already passed the point of no return. Despite suffering from strategic errors, the processes of privatization, liberalization of prices, establishment and development of the stock exchange, reform of the banking system and expansion of economic relations with foreign countries have created a new environment.

Mongolia is a large, landlocked, sparsely populated country with huge grasslands, mountains and desert, that lies between Russia and China. The harsh Gobi Desert and endless steppe are well known. Also the country is rich in natural resources, which indicate her large mineral and agroindustrial potential. Since the 1990s, the government has implemented policies aimed at liberalizing the economy and ensuring a private sector-led development. Overall economic recovery began in 1995, mainly as a result of the government’s free trade and economic policies, market-oriented legislation and promotion of private ownership of property designed to accelerate the radical economic reforms in the country. The government is actively encouraging foreign investment, especially that in the export sector, notably in minerals and livestock products such as cashmere and wool. In a fledgling democracy that has experienced political disarray in the past year, it is surprising to find economic growth. Since 1995, the Mongolian economy has grown steadily and 2003 GDP growth is estimated at 5.5 per cent. Inflation dropped sharply in 2000, to the lowest level since Mongolia’s transition to a market economy began (Baatar and Dorj, 2000).

Section 2 An overview of SMEs in Mongolia
A dynamic private sector is a key component in providing opportunities for people to build a better life for themselves and their families, and contribute to the communities in which they live. A thriving private sector not only generates gainful employment but also develops a tax base that contributes to investment in infrastructure, health care and education that benefit everyone. That private entrepreneurship is necessary to GDP growth is evident in the efforts made by governments worldwide to promote entrepreneurship (for a discussion on public policy in promoting entrepreneurship in various countries, see Dana, 1999, and Chew and Chew, 2000, for a study on Singapore). Recognizing the vital importance and contribution that the private sector makes to economic growth and improving people’s livelihoods, the Government of Mongolia has placed continuing support for business at the heart of its Economic Growth Support and Poverty Reduction Strategy, which declares that its priority is ‘To set up a favorable environment for running business aimed to accelerate economic growth based on the private sector for the long and medium-term’ (Government of Mongolia, July 2003, p. 101).

In the past decade, Mongolia has made great strides in creating an environment that enables private businesses to operate successfully. From a baseline of zero in 1991,
Mongolia today has 26,552 private concerns that contribute 74.5 per cent of her GDP (Mongolian Statistical Yearbook – 2003).

According to the international standard, which classifies an enterprise with 50 or fewer employees as an SME, 96.1 per cent of the private enterprises in Mongolia have 49 or fewer employees and are therefore identified as SMEs (see Table 13.1). Some 80 per cent of the private enterprises are located in the urban area, with 61.4 per cent of all registered SMEs located in Ulaanbaatar itself, while 20 per cent are found in the rural areas (see Table 13.2). These enterprises contribute about 18.9 per cent of the corporate income tax revenue and 21.8 per cent of value added tax revenue. About 35.6 per cent of all registered employees are employed by the SMEs (Badarch, 2004). Table 13.3 shows the private sector share of GDP and number of employees by industry.

The Government of Mongolia believes that the development of the SMEs is a crucial component of the socioeconomic development of the country. Hence the government approved and implemented the ‘SMEs Development Programme’ in 1999. As indicated earlier, the main purpose of this programme is to create a favourable economic and legal environment for the development of the SMEs. Within the scope of the programme, the government paid considerable attention to issues such as management, human resource development and enhancement of the information environment for SMEs, development of infrastructure in the local area, improvement of technology of SMEs and reduction of negative impacts on environment and human health, promotion of cooperation between SMEs and large enterprises, encouragement of domestic and foreign investment, and expansion of international cooperation.

### Table 13.1 Number of active legal units by employment size at the end of 2003

<table>
<thead>
<tr>
<th>Employment size</th>
<th>Number of enterprises</th>
<th>Cumulative percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1–9 employees</td>
<td>21,704</td>
<td>81.7</td>
</tr>
<tr>
<td>10–19 employees</td>
<td>2,016</td>
<td>89.33</td>
</tr>
<tr>
<td>20–49 employees</td>
<td>1,806</td>
<td>96.1</td>
</tr>
<tr>
<td>50 and more employees</td>
<td>1,026</td>
<td>100</td>
</tr>
<tr>
<td>All enterprises</td>
<td>26,552</td>
<td>100</td>
</tr>
</tbody>
</table>

**Source:** Mongolian Statistical Yearbook – 2003.

### Table 13.2 Number of enterprises by region

<table>
<thead>
<tr>
<th>Region</th>
<th>Number of enterprises</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>All enterprises</td>
<td>26,552</td>
<td>100</td>
</tr>
<tr>
<td>West region</td>
<td>2,462</td>
<td>9.3</td>
</tr>
<tr>
<td>Khangai region</td>
<td>3,041</td>
<td>11.5</td>
</tr>
<tr>
<td>Central region</td>
<td>3,536</td>
<td>13.3</td>
</tr>
<tr>
<td>East region</td>
<td>1,201</td>
<td>4.5</td>
</tr>
<tr>
<td>Ulaanbaatar (capital)</td>
<td>16,312</td>
<td>61.4</td>
</tr>
</tbody>
</table>

**Source:** Mongolian Statistical Yearbook – 2003.

Mongolia today has 26,552 private concerns that contribute 74.5 per cent of its GDP (Mongolian Statistical Yearbook – 2003).

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As a result of the implementation of this programme, the infrastructure in rural areas, which is one of the main areas for development, has been developed. Since 2000 one heat-power station and four hydro-power stations were constructed. A total of 30 soums (the lowest administrative unit in Mongolia) have been connected to the central energy system. Moreover a water supply improvement project has been implemented in eight aimag centres. As a result of the banking system reform, which has been carried out gradually, the people’s trust in the banking institution has increased. Therefore the amount of deposits as well as the amount of bank loans has increased. Hence the total amount of bank loans in the year 2000 was MNT68 billion and it tripled in two years to reach MNT200 billion in 2002. Around 90 per cent of all loans were made to trade and service businesses (Badarch, 2004).

Mongolia has received substantial support from donors and international organizations. For instance, the World Bank contributed USD12.0 million to support her private sector, and the German government granted a DM10.0 million soft loan to assist SMEs. Another example of the government’s SME support policy is the ‘SMEs promotion fund’, which operates under the Ministry of Industry and Trade. This fund established sub-funds of MNT521.1 million in 18 aimags (provinces) in 2000 and provided an additional MNT172.0 million in 2002. There is also some support from non-banking organizations, of which there are about 67, and more than 200 saving co-operatives operating in Mongolia (Tserenpil, 2004). Moreover the rate of gross industrial production increased by 11.8 per cent in 2001 and by 24.3 per cent in 2002. The processing industrial decline was halted and in 2002 it increased by 24.3 per cent. The share of processing industry within total industrial production has increased by 2.6 points compared to 2000.

### Table 13.3 Private sector share of GDP and number of employees by industry, 2003

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage of GDP</th>
<th>Number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture, hunting and forestry</td>
<td>98.4</td>
<td>97.4</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>64.2</td>
<td>85.6</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>87.8</td>
<td>91.2</td>
</tr>
<tr>
<td>Electricity, gas and water supply</td>
<td>3.1</td>
<td>68.8</td>
</tr>
<tr>
<td>Construction</td>
<td>93.1</td>
<td>90.9</td>
</tr>
<tr>
<td>Wholesale and retail trade, repair of motor vehicles, monocytes and personal household goods</td>
<td>98.2</td>
<td>99.5</td>
</tr>
<tr>
<td>Hotels and restaurants</td>
<td>100</td>
<td>98.2</td>
</tr>
<tr>
<td>Transport storage and communication</td>
<td>60.1</td>
<td>93.1</td>
</tr>
</tbody>
</table>

**Note:** About 90 per cent of the electricity in Mongolia is produced by two main power stations, which are public entities. These two power stations, plus some small enterprises, contribute about 97 per cent of the value of GDP in this sector, while the remaining 3 per cent is produced by small privately owned power stations in the urban area. Each aimag (province) has privately-owned power stations, which are operated by manual labour, while the two main power stations do not require a lot of manual involvement, and employ about 4000 people out of the total of 22700 employed in this sector.

**Source:** Mongolian Statistical Yearbook – 2003.
Section 3  Obstacles and constraints faced by the entrepreneur in Mongolia

Although, nowadays, thousands of SMEs successfully operate in Mongolia, there are some obstacles and constraints against the development of SMEs because of the socio-economic conditions, particularly in the rural area (Badarch, 2004):

- Low market capacity in the rural area: the low purchasing power of the population restricts the production level; hence it cannot provide the conditions for continuous business activity. A research study done by the Ministry of Trade and Industry reveals that the purchasing capacity of the population in the rural area cannot exceed MNT23.9 thousand.

- High cost of energy in the rural area: owing to the comparatively high price of energy in the rural area, cost of production is high. Some of the consumer products as well as construction materials are not able to compete with imported products even in the local market. For example, in those aimags (provinces), which are not connected to the central energy line, the price for 1kWT of electricity is two-and-a-half to three times higher than in the central area. The price of heating is high too.

- High cost of product delivery: the unit cost of delivery of the product to other locations in the local economy is relatively high and, because of the absence of a paved road network, the opportunity for industrial development is limited.

- Water resource limitation: the shortage of water resources also restricts production, especially in the processing of skin and wool.

Furthermore a significant number of other constraints on the development of successful enterprises remain in the external environment. These include an inefficient and poor physical infrastructure and public services, a high tax burden, high interest rates, an unpredictable and complex regulatory environment that gives wide discretionary powers to officials fostering petty corruption, unequal access to the government procurement process and a lack of confidence in a judicial system that is widely perceived to be unfair. Faced with such obstacles, enterprises may seek to resolve business disputes by other means and find means to evade taxation e.g. by understating revenues. Such practices, which are also a symptom of poor corporate governance, take up management time, discourage investment and make it more difficult to raise finance.

The companies themselves recognize the need to improve their governance and management, not just in financial management, but also increasingly in the areas of marketing, human resources and customer service, and to make more effective use of new technologies to increase their competitiveness and improve profitability. Companies also lack effective mechanisms to raise their concerns with the government. Such a role could be undertaken by business associations but most of these do not have the resources or skills to do so. It is incumbent upon both the government and the private sector to engage in positive constructive dialogue to improve polices and regulations that have an impact on business growth.

Finally it needs to be noted that private sector development does not help to alleviate social and environmental concerns if the benefits are not equitably distributed, if the employment created compromises human rights or does not provide a meaningful income, or if industrial processes pollute the environment. Very few companies employ
people with disabilities, only a small number make any special provisions for women with young children, and females seldom hold the position of CEO in companies.

According to a survey conducted by the Enterprise Restructuring Project in 2004, entitled ‘Mongolia: a survey of business enabling environment’, there are 12 obstacles to the development of business, which are ranked as follows: (1) taxation, (2) corruption, (3) unfair competition, (4) interest rates, (5) obtaining external finance, (6) regulatory environment, (7) shortage of skilled human resources, (8) underdeveloped infrastructure, (9) lack of access to new ideas and technology, (10) functioning of judicial system, (11) shortage of business development services, and (12) inflation.

Taxation emerged as the most vexing issue. This relates not only to tax rates and the overall tax burden, but also to such issues as the number of taxes and the perceived privileged treatment of the untaxed ‘shadow’ sector. Corruption was perceived as the next most worrying concern. This multifaceted issue arises owing to a number of interconnected factors that include a weak judicial system, poorly drafted regulations that give wide discretionary powers to officials, poor training and pay of officials and weak corporate governance. It was followed by issues related to the competitive environment. The general regulatory environment was ranked mid-way, with high interest rates and difficulties in obtaining external finance being issues of greater concern. The main regulatory areas that were of note were taxation procedures, the inspection regime and the need to make unofficial payments to regulatory officials (Enterprise Restructuring Project Phase, 2004).

Section 4 Conclusion
Mongolia has made great strides in its sometimes difficult transition to a market economic system. Institutions necessary for the functioning of a market environment have been established, laws and regulations that encourage competition while protecting public interest have been introduced and in recent years greater stability in the macroeconomic environment have all contributed to creating an environment in which private enterprise can emerge and grow, and inward investment is encouraged. Also business people have confidence in their future, anticipating growth in profitability, investment and employment, all of which contribute to the alleviation of poverty. However the industrial development policy built on the population density, development of infrastructure and availability of raw materials of given local areas needs to be set, which has to be based on the current development situation of the local area and its development perspectives.

Within objectives the government has, first, to promote the SMEs to produce goods and services for domestic consumption on a large scale; second, to develop the export-oriented and import-substituting goods production in the domestic economy, based on a good infrastructure and high market capacity, and, third, to enhance the opportunity for development of industry and service through increased investment.

In summary, the way in which the transition has been embraced by Mongolians is, indeed, nothing short of inspirational. Certainly there will be problems along the way and nothing happens overnight (consider that Western economies have taken centuries to evolve to their present stage). There is no transitional model to follow and Mongolia is a country with a unique culture and with unique problems of an economic and political nature.
References

Introduction

Much is known about entrepreneurship (Dana, 1999) and small business (Dana, 1998) in Japan. The indigenous Ainu of Japan, however, are a people less understood. As noted by Espiritu, ‘Traditionally, the Ainu hunted, fished, gathered, and engaged in subsistence farming. They also vigorously traded and forged alliances . . . The Ainu were important intermediaries among Japanese, Dutch, Chinese, Russian, Manchurian, and Korean markets’ (2005, p. 18).

Time changes as humans try to fight their way towards a better world. Past centuries were filled with the pursuit of conformity and mostly forced integration. Individuals were measured on standardized rules of conduct implemented by those of power or majority. Any nation or individual who acted, behaved or could be singled out because of their physical traits were persecuted, suppressed and nearly extinguished.

I dare say that Woodstock and ‘flower power’ had a considerable impact on changing the world’s view and rules from conformity to individuality. With it awoke an interest in minorities and indigenous societies who held their difference, language and heritage despite persecution and deprival of rights. Despite decades of hard struggle on the part of human rights activists, there is still plenty of discrimination and wrongdoing even in highly developed countries. Fortunately the law and the majority are now aware and in favour of those who are smaller, weaker and often unable to protect themselves. Many have understood that, sometimes, the smaller a minority group the stronger is the need to protect their rights, heritage and skills, as it is through them that all our past is reincarnated.

One of the smallest communities of indigenous people are the Ainu, most of whom reside on the Japanese island of Hokkaido. In particular, the area of Sapporo is Ainu territory, meaning in their language ‘The land given by the river’. Ainu have great physical and cultural distinction from Japanese and other Asiatic nations. Physical traits include different skin colour, skull features and excessive hair growth, and culturally also the Ainu have little in common with other societies. They worship their own gods and practise old rituals and ceremonies. However the most remarkable factor seems to be their language, which exists only in spoken form. Ainu people do not have an alphabet. Skills, language, tradition and stories are passed on only through spoken transmission.

Ainu are self-employed fishermen, hunters and collectors by heritage. Centuries of persecution, occupation, extortion and Japan’s drive to industrialize have nearly succeeded in their total extinction. Many Ainu who survived the various onslaughts were later forced into submission by an aggressive Japanese assimilation policy. The true number of Ainu living today seems to be a source of some disagreement. While Japanese research puts the figure at around 25,000, the Ainu Association declares it to be close to 200,000, despite the fact that today only around 200 follow the traditional ways.

The reason for such a discrepancy results from different ways of classifying Ainu descendants. Many Ainu were married to Japanese and over the generations have lost their
physical distinction; also they were forced to use Japanese names and language. Many emigrated and some are most likely unaware of their heritage. A great number may even conceal their origin in order to avoid still persisting discrimination. Both sides could equally be accused of using those statistics which best suit their own agenda.

In order to establish a way of determining the number of Ainu a common classification system would have to be agreed upon. Here of course two political interests collide. For the Japanese it would be advantageous to rate the number of Ainu as low as possible. Many political decisions are justified as being in the best interest of the majority or of the country. A minority of 25 000 is easy to overrule, while a population of 200 000, even if a minority, would be a factor hard to ignore. Decisions about rights, land and reimbursements could be greatly influenced by the strength of numbers a minority group is claiming.

Historical overview

When the Wajin (Japanese) spread their power over the land of the Ainu, today known as Japan, they introduced advanced military tactics and weaponry that the Ainu were not able to match. Numbered at around 40 000, the Ainu were quickly driven back to the northern shores and forced to cross the waters that separate the Japanese mainland and the Island of Hokkaido. But even there Japanese quickly established firm control over land and life. The organized public swindling of the Ainu increased considerably under the Tokugawa Shogunate which lasted until the end of the nineteenth century.

One of the laws implemented to swindle the Ainu was the ‘Land-Lease’, a feudalistic system focused on fishing, hunting and timber rights. Free trade by the Ainu was restricted and trade zones were manipulated to assist the Wajin, who were free to exploit Ainu land and people as they saw fit. During this time the term ‘Ainu Kantei’ (Ainu calculation) was born, a synonym for a fraudulent trade method forced upon the Ainu people under the land-lease system. When trading fish, kelp and furs, Japanese used an unfair method of counting which gained them 12 pieces when they had to pay for only 10. They very simply counted ‘begin’, 1,2,3,4,5,6,7,8,9,10, ‘end’. Ainus who dared to protest were beaten.

Wajin were also granted wood cutting rights which cut the Ainu off from their traditional way of life. The Ainu quickly ran up high amounts of debt which were then paid off through labour on the fish farms, which of course were owned by Japanese. The conditions were similar to those of slave labour camps. In order to increase profit the workers were severely restricted and forced to do the harshest of labour without sleep or rest. Many died under the cruel conditions and those taken out of the camps were empty shells, without spirit and strength.

Another important element was the diseases brought upon the Ainu by the immigrating Wajin. Mass outbreaks of smallpox, cholera and syphilis caused an even more critical condition. People weakened and died one after another, the Ainu population quickly decreased and Ainu society was thrown into complete chaos. The collapse of the Tokugawa Shogunate, however, did not end the suffering of the Ainu people. The new government, called the ‘Meiji’, invented new ways and laws aiming at exploitation. The ‘Meiji’ established the ‘Hokkaido Colonization Commission’, which implemented the ‘assimilation policy’. The use of Ainu language was prohibited as well as Ainu manners, customs and traditions. Furthermore the use of Japanese names was forced upon the population.

In 1873, the Land Tax Revision Act declared land in Hokkaido ownerless, allocating it to the Imperial Household. The Ainu now faced the gravest situation possible, as even the
land on which their homes were built was taken away from them. In 1886, tides of colonists arrived in Hokkaido to claim land parcels. The Hokkaido Colonization Commission was renamed the Hokkaido Agency, responsible for handling the increased administration caused by the flood of Wajin settlers. All across the island the Ainu were forced from their homes and land and made to move into the mountains and areas in which no Wajin would ever consider worth living. Furthermore the Hokkaido Agency forced them to enrol in agriculture and unfamiliar farming tasks, instituted through the Meiji’s agricultural labour policy. Lack of food caused starvation and illness, which resulted once again in numerous victims.

In 1897, the enactment of the Undeveloped Hokkaido National Lands Disposal Act was introduced which was to be quickly followed by the Law for the Protection of the Hokkaido Aboriginals in 1899, summarized below.

Article 1 grants all Ainu who devote themselves to farming 12 acres of land free of charge. However promising Article 1 might sound, this was nothing other than yet another more disguised way of swindling the Ainu and forcing them into submission, as they came with a given set of conditions as well as loopholes to benefit the Wajin.

1. The Ainu lost the right of fishing, hunting and wood cutting. Violators were arrested for poaching and the stealing of timber. Thus the Ainu had no alternative but to accepting the offer to take over land and start farming.
2. The land handed out comprised ground located in river beds, on slopes, the edges of cliffs or infertile soils, which would have been more than a challenge even to experienced farmers.
3. Ainu were not accustomed to farming and, no matter how hard they tried, their efforts were usually in vain, given their inexperience and the quality of the land.
4. Furthermore a clause was included that imposed the condition of cultivating the land within a period of 15 years. Failure to succeed resulted in the confiscation of the property, and most parcels were taken away from the Ainu in this manner.

All in all, the law was nothing more than a means to create cheap labour and to deprive the Ainu people, a fishing and hunting race, of their right to a free and independent lifestyle. Most lost their land and ended up with high debts. The only way to make a day-to-day living was to become low-paid labourers for Wajin entrepreneurs or to try their hand at farming. This miserable situation has not changed much until recently. The Japanese are grudgingly restoring to the Ainu their natural rights, and these improvements have had to be fought for fiercely from within the system.

Ainu v. Goliath

Many hopes of peace, understanding and positive changes were connected with the birth of the new millennium and fortunately plenty of time is left for them to be fulfilled. Looking at the development of the past 60 years, human inventions have moved with astonishing speed, while the word ‘meagre’ is a better term to describe humanitarian improvements, including Ainu rights and living conditions.

In 1935, certainly with nothing but good intentions, the government initiated a round table talk to revise the former ‘Aborigines Protection Act’. Japanese policy regarding the Ainu had undergone a swing from focusing on extortion to fast-track assimilation in order
to create Japanese hegemony. Japanese officials as well as scholars and prominent Ainu joined in discussing issues such as government welfare, employment, hygiene, education and life style.

Incorporated changes were passed in 1937 and, even if today they are seen as yet another means of depriving the Ainu of their natural rights, some alterations can be seen as positive. The problem at the time was that the Japanese considered themselves superior to Ainu, and benevolent measures resulted in further reduction of Ainu rights and traditions.

Considering worldwide mainstream developments during the nineteenth century, though, Japan was not an isolated incident. Many nations at the time were caught up in the European influenced fad of Darwinism, revolving around the theory of race and racial inferiority. In some respects, the idea of a family state was merely the Japanese manifestation of a phenomenon common to all modern nation-states: the creation of an ‘imagined community’ linked, in this case, by fictive ties of kinship to the emperor.

Responses to policy changes among Ainu activists varied in many ways. Most accepted the assimilation course as probably the most realistic way of bettering the Ainu’s conditions even if it came at the cost of losing their heritage and uniqueness. But despite the given consent even pro-government Ainu complained of the mistreatment and discrimination through both the state and individual Japanese citizens.

The Ainu activist movement as well as the aggressive governmental assimilation policy was suspended during the Second World War, but, as early as 1946, the Ainu established an organization that aimed at improving their situation through collaboration with the government. The main objects at the time included better welfare facilities and the provision of higher education. The government acted as the supervising institution to ensure full collaboration until 1969. By that time the Ainu rights movement had gathered strength and the collision of interests between the Japanese government and the Ainu became imminent.

The Ainu divided the organization and renamed it the Hokkaido Ainu Association. Further issues were added to the association’s campaign, including the preservation of Ainu culture and traditions and above all the recognition of the Ainu as indigenous people, which would take nearly three decades to achieve. And while the Ainu were forced to speak Japanese, the rest of the world succeeded in heart transplantation (1967), walked on the moon and only when Dolly the sheep was cloned, in 1997, did Japan finally recognize the Ainu as indigenous. During this period Ainu activists filed lawsuits to the local government, as well as the UN, and actively promoted their interests to the world community.

In 1984, the association tackled another important goal, the abolishing of the ‘Hokkaido Aborigine Protection Act’ promulgated in 1899 by the ‘Hokkaido Agency’. Among other things, the law forced the Ainu to adopt Japanese names and prohibited the use of the Ainu language.

The year 1991 marked a first victory when Japan had to recognize the Ainu as a minority group, on the basis of UN Article 27, but despite this it refused to accept the Ainu as indigenous until a court ruling of the Sapporo District court in March 1997 which granted them the protection of their aboriginal culture. Since then many improvements have been made and the Ainu have taken their rightful place among the world’s community of indigenous people. They participate in expositions and further their cause inside Japan by insisting on a better image in history books and lessons. Government programmes have helped to reduce unemployment; loans and support are granted for Ainu students to enrol
in higher education. Ainu culture, language and ceremonies are being researched and promoted among the Japanese. Nonetheless there is a long way to go until being Ainu does not result in discrimination and prejudice. Unfortunately there is still a common inferior awareness among the majority of Japan. Especially worrying are accounts of discrimination or racial remarks when they are committed by government officials or prominent persons, or when made public.

In 2001, two members of the Japanese Liberal Democratic Party, Muneo Suzuki and Takeo Hiranuma, publicly stated in separate speeches that ‘Japan is an ethnically homogeneous nation.’ Hokkaido representative Muneo Suzuki called Japan ‘One nation with one language, one ethnicity; the Ainu are now completely assimilated.’

A Japanese unofficial website displays an A to Z lexicon which includes a reference to and advice to visit the Ainu village in Hokkaido, ‘where these primitive people may be seen in their native surroundings’ (http://www2.gol.com/users/hefej/ainufr.htm). Kenichi Kawamura, an Ainu activist, says, ‘They call us “dojin” – it’s not a very nice word’, referring to the Japanese word for an aborigine which relates to the meaning of vulgarity or uncleanness.

A government study undertaken in 1986 and again in 1993 has clearly shown a decline in discrimination and, hopefully, further actions will promote this trend (Table 14.1)

Another, not less important, issue is the provision of higher education which could result in employment in better paid jobs and, hopefully, the creation of businesses among the Ainu. About 87.4 per cent of Ainu attend high school, but only 11.8 per cent enrol in university (including junior college) well below the proportion of the youth that enter high school (96.3 per cent) and university (27.5 per cent) in municipalities where Ainu reside.

The low level of education could partly be put down to the existing working conditions. However there is no reason why any worker should be paid more than one of Ainu origin,

Table 14.1 Decline in discrimination

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<tr>
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<th>1986 (%)</th>
<th>1993 (%)</th>
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<tr>
<td>‘Personally experienced discrimination’</td>
<td>23.1</td>
<td>7.3</td>
</tr>
<tr>
<td>‘Know of someone’</td>
<td>48.5</td>
<td>10.1</td>
</tr>
<tr>
<td>‘Have not experienced discrimination’</td>
<td>22.1</td>
<td>62.0</td>
</tr>
<tr>
<td>‘ Unsure’</td>
<td>6.3</td>
<td>14.0</td>
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<tr>
<td>‘Refused answer’</td>
<td>—</td>
<td>6.6</td>
</tr>
</tbody>
</table>

For those who answered positive, ‘where did discrimination took place?’

<p>| | |</p>
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<tbody>
<tr>
<td>‘In school’</td>
<td>42.0</td>
</tr>
<tr>
<td>‘Marriage-related’</td>
<td>23.2</td>
</tr>
<tr>
<td>‘At work’</td>
<td>17.9</td>
</tr>
<tr>
<td>‘Other’</td>
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How did the discrimination manifest itself?

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<tbody>
<tr>
<td>‘Single out as Ainu’</td>
<td>25.0</td>
</tr>
<tr>
<td>‘Ridiculed’</td>
<td>17.0</td>
</tr>
<tr>
<td>‘Other’</td>
<td></td>
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</table>

Source: Hokkaido Development Board.
as unfortunately still seems to be the case. Also public assistance (38.8 per thousand) could be reduced with programmes promoting entrepreneurship and better professional training. The numbers clearly show that Ainu are occupying mostly low labour positions: 33.6 per cent primary industry (22.2 per cent fishing), 32.4 per cent secondary industry (22.3 per cent construction), 32.0 per cent tertiary industry (13.1 per cent service).

Some Ainu, however, make a living in the tourism industry, which is perceived in both positive and negative ways. Some resent the fact that Ainu ‘sell out their heritage’. The achieved, even if initially unintended, outcome though is that tourism promotes their culture and, secondly, establishes areas of entrepreneurship and independence.

Today museums and exhibitions have taken over the educational part and the shops selling Ainu products have resorted to wood carvings and the traditional Ainu clothing. An annual contest shows some of the talent the Ainu have to offer, which makes one realize how fortunate the world is not to have lost such amazing craftsmanship and cultural treasure.

References
Introduction

The Dhivehis are the indigenous people of the Maldives, a ‘most unusual group of happy islands’ (Villiers, 1957, p. 829). The Republic of Maldives is a grouping of 1192 coral islands, the total landmass of which is a mere 298 square kilometres. A shallow lagoon, enclosed by a coral reef, surrounds each of the islands. Most of them have poor, sandy soil, which limits agricultural production. None of the islands rises beyond three metres above sea level. Situated in the Indian Ocean and scattered on both sides of the Equator, this archipelago is divided into 26 ring-shaped clusters. Each cluster of islands is known as an ‘atoll’, a word derived from atholhu in Dhivehi, which is the language of the Maldives. Dhivehi belongs to the Indo-Iranian group, with strong Arabic influence. The language is unique to this country. The Dhivehis are of mixed Arab, Aryan, Dravidian, Negroid and Sinhalese ancestry. The society is homogeneous, with one language (Figure 15.1), one culture and one religion. Islam is the national religion and all citizens are Sunni Muslims. The weekend here lasts from Friday to Saturday. Except on designated tourist islands, alcoholic beverages and pork are illegal, as are dogs.

Much entrepreneurship literature associates entrepreneurs with an affinity for, or at least a tolerance of, calculated risk. Indeed, small business usually involves some degree of risk. Also financing is often a central issue for entrepreneurs, as reflected in the literature. However, the Dhivehis do not associate risk with business activities, nor do they feel constrained by the lack of financing, despite the absence of capital markets and the limited banking facilities in this archipelago.

Figure 15.1 Dhivehi script (photo by Léo-Paul Dana © 2005)
Historical overview

Mosques around the world face Mecca, except in the Maldives, where old mosques face the noon sun. This reinforces the popular belief that early islanders were sun-worshippers. Historical remains indicate that, about 2000 years ago, a Buddhist Kingdom ruled over the Maldives.

It is believed that early maritime traders frequented the waters surrounding the Maldives. In 1153, Persian and Arab travellers introduced Islam to the islands, and a sultanate was established. The Dhivehi language subsequently adopted Thaara script, which is written from right to left.

During the sixteenth century, the Portuguese were granted permission to build a factory in Malé. This led to Portuguese rule for a period of fifteen-and-a-half years. In the 1860s, entrepreneurs from Bombay set up warehouses and retail outlets in Malé. In 1887, the sultanate became a British protectorate. In exchange for protection, the Maldives were required to make payments to England; these continued until 1947. For a few months during 1953, the islands became a republic.

In 1957, Villiers reported that the ‘bicycle ... was the common means of transport in these islands. Only the Sultan had a small automobile, and there were two light trucks for handling cargoes’ (1957, p. 834). He elaborated, ‘there was not a single policeman, or a uniformed figure, anywhere, no newsboys shouted their wares – no vendors, no police, no traffic’ (ibid. p. 835). The year 1959 saw the temporary secession of the southern atolls, with the declaration of the Republic of Suvadhuva. In 1965, the entire nation gained independence as a sultanate, which became a republic in 1968.

The Decree on Limited Companies was only instituted in 1988. The following year marked the implementation of the Law on Foreign Investments in the Republic of Maldives (Law no. 25/79). There are no restrictions on the ownership of equity. There is no income tax, no tax on corporate profit, no capital gains tax, no value-added tax (VAT), no sales tax and no property tax in this country.

Risk in western literature

Cantillon (1755) was the first to discuss entrepreneurs as risk-takers. Say (1815) and Mill (1848) also linked entrepreneurship to risk. Ely and Hess defined entrepreneurs as ‘the ultimate owners of business enterprises, those who make the final decision and assume the risks involved in such decisions’ (1893, p. 95). As well, Knight (1921) and Cole (1959) also examined the risk of uncertainty.

Shapero found that, in ‘almost all the definitions of entrepreneurship, there is agreement that we are talking about a kind of behavior that includes ... the acceptance of risk’ (1975, p. 187). Zaleznik and Kets de Vries specified that the entrepreneurial personality includes ‘the urge to take risks, and the stubborn resistance to change’ (1976, p. 23). Kets de Vries elaborated on the importance of the ‘risk-taking functions’ (1977, p. 37). Brockhaus (1980) focused on risk propensity. Gasse (1982) observed that entrepreneurs are generally risk-takers. Shapero and Sokol (1982) found risk-taking to be central to the entrepreneurial event, and Stanford (1982) mentioned moderate risk-taking as an entrepreneurial trait.

According to Stevenson and Gumpert, ‘An X-ray of the entrepreneurial organization reveals these dynamic characteristics: encouragement of individuals’ imagination, flexibility and a willingness to accept risks’ (1985, p. 88). Burch explained that the role of the
entrepreneur is to assume ‘all or a major portion of the risk’ (1986, p. 4). In contrast, Schumpeter (1934) suggested that risk-taking is in no case an element of the entrepreneurial function.

We noticed that registered partnerships are relatively uncommon in the Maldives. When asked why this is so, we were told that, in Dhivehi culture, it is not necessary to formalize a partnership between individuals who trust one another; among those who do not trust one another, a partnership is avoided altogether. There would be ‘too much risk involved’. Accepting these assumptions, registered partnerships lack the utility that they provide in other societies.

Report from the field
The odours of the day’s business were slowly drifting off with the salt-water air. Today’s catch, which consisted of tuna, red snapper, mackerel and a few barracudas, had all been sold. Hundreds of bananas (see Figure 15.2) had been carried off during the course of the commercial activity, as were coconuts, papayas, watermelons, pumpkins and a few pineapples. Sales of citrus fruit, chili and betel nut were also excellent. There was barely a crumb left for the few rats, which scurried by in search of goodies.

The sellers come from the surrounding islands of the Republic of Maldives. The merchants arrive in Malé, the capital city, aboard fishing vessels (see Figure 15.3) locally known as dhoanis, traditional Maldivian vessels, which travel at an average speed of seven knots. These are wide boats with deep bottoms. They have high, curved hulls like those of Viking ships and a structure upon which a sail could be mounted, but none is attached. There are a few planks of wood on each side of the vessel and a couple in the middle. Passengers stretch out and sleep on cargo, separated from each other by produce and merchandise. For some, the journey to and from the central trading area takes several days. At night, a flashlight is used on the dhoani to alert any small boat to its location.

Malé is the hub for business between the neighbouring clusters of islands. The businessmen here are not clad in suits and ties but, rather, most wear cotton sarongs (see Figure 15.4) that are constantly being hiked up above the knees and then lowered to the ground. Shirts are often in chequered, plain and modern designs, with short sleeves and collars. A few of these men sport pants, but no one wears socks. All have some variety of flip-flops on their feet. A look into their glass-like hazel eyes reveals tenderness tempered by the sea. These people are one with nature and they emit warm personalities. Tonight, many lie on their boats and on concrete blocks awaiting departure for home, where they will pick up more produce from their island, only to return once again.

The dhoani heading for the island of Thoddu, the northernmost island in the Ari Atoll, was scheduled to depart at midnight. Foreigners are not generally permitted to go to any ‘inhabited’ island unless formalities are undertaken to obtain a special permit. An escort must also be found, in order to sponsor and take responsibility for the ‘aliens’. Somehow, we skilfully managed to find a way around such lengthy procedures.

Earlier that day, we had met a young fellow who offered to accompany us. However he was not leaving that evening, and dhoanis did not operate daily, or on a predictable schedule. The boats come and go (see Figure 15.5), depending on local needs, produce, the stars and the vessel’s owner. When we still expressed interest in his island, the young man found us another fellow who was willing to sponsor us. Nothing was signed. Names were
Figure 15.2  Banana dealer (photo by Léo-Paul Dana © 2005)
Figure 15.3  Bringing in the catch (photo by Léo-Paul Dana © 2005)
exchanged in broken English, yet forgotten, but we had a plan and an interesting option for spending a couple of nights. We were told that the boat was leaving at midnight.

We arrived at the dock (for lack of a better term) at 11.45 p.m. Port activity was at a standstill. Some people were waking up; others were resting in the previously very busy market place. We sat down on the sidewalk, facing the dhoani, and waited for our clandestine adventure to begin. We were tired yet very excited.

Our escort was nowhere to be found; nevertheless everyone knew that we would be joining the expedition to Thoddu Island. One man towered over the hull of the boat, reaching out his hand to grab our bags. He hurled them onto the vessel as we hopped on the neighbour’s dhoani, the hull of which happened to be closer to the dock. Keeping our balance as both boats rocked, we were led onto the dhoani headed for Thoddu, a small island west of Malé. Immediately, we were ushered to our designated spot in the middle of the vessel. Two huge bags of rice separated us from our neighbour. These also served as pillows. I soon discovered comfort in the small area assigned to me. One woman’s head lay perpendicular to mine, while a man’s legs provided the boundary on my left. The mast shot up at my feet. To my right was a hole filled with produce. A small roll to that side and I would have been part of the supplies.

It was a calm night. The stars were out in full force to escort the way. There were so many constellations that I could barely tell one from another. I gazed for a while as the...
Figure 15.5  Dhoanis (photo by Léo-Paul Dana © 2005)
other passengers boarded. Women and young girls, all wearing the traditional South Asian Muslim attire, found their spots, as did fathers carrying young children. Barely a word was spoken; hand gestures guided the entire operation. Once passengers and supplies were all on board and securely intact, it was time to depart. One man pumped the fuel, four men pulled in the anchors, one started the engine and two others shouted directions. We navigated slowly through the other boats, which were docked for the night. Bumping into a few did not seem to disturb the other vessels’ sleeping crew. We tacked out of the port and were on our way. Suddenly, I realised that there were no life jackets on this boat. Oh, well.

The night was still and the dhoni glided as if on ice. There was barely any motion on the sea that night. The skilful crew navigated us through the islands of the Kaafu Atoll. There were only a few lights on either inhabited or resort islands to escort the way, but a sky full of stars comforted the lonely night. We slept so restfully, the salt air enveloping us and soothing our minds. The worries of the world were very far behind. Fifty people lay sleeping while a handful navigated the vessel. Those in charge looked like a new breed of Mafia – a rather harmless bunch, each with a cigarette hanging from his mouth. Produce appeared to be piled sky-high. So many things, from food and drinks to cans of oil and bicycles, were being brought to Thoddu that night.

As dawn broke, our vessel approached Thoddu. The sky’s warm glow woke us to the goodness of a new day. Three young children waited patiently at the pier to greet fellow community members. They wondered who the two white people were. Each passenger took his time to rise, shine and wipe the sleep from his eyes. Slowly bags and produce were taken off the vessel. Fortunately there were steps on the wharf to climb onto from the boat.

Alas! Our escort appeared from the crowd; he had been with us all along. He took one of my bags as he motioned us to follow him. We did. We stumbled along the 30-metre-long wharf, until we reached the sandy beach. More village people began to approach the harbour to greet family members as well as to help carry the supplies. We followed our escort down a sandy path, which was bordered by six-foot-high walls made of coral bricks cemented together. Each wall seemed perfectly straight on all sides. Coconut, papaya and breadfruit trees towered over and sheltered us as the sun began to rise overhead. The whole village seemed to have been awake for hours. The children were playing, while the women were sweeping the streets, removing the leaves, sticks, shrubs and fallen fruit. A breadfruit dropped without warning and hit the ground less than a foot in front of me. Luckily, the fruit was not fully grown! Local music could be heard emanating from the quaint homes.

It is the job of the women to sweep the streets every morning. Each woman has a designated area, marked off by numbers written in the sand. The ‘sweepers’ (brooms) are clusters of thin, dried sticks tied together by a small rope and are approximately one metre high. The women wear the traditional salwar kammez, a three-piece outfit consisting of drawstring pants, a long knee-length dress and a scarf. Most dresses are colourful, with very busy patterns. The women generally tie their long, black, wavy hair back in a braid or in a ponytail. Some wear the traditional Muslim head-cover. They sweep diligently, their backs completely bent over. As we passed by, the women would give us big bright smiles but they would cast their eyes away, immediately afterwards. Their teeth are perfectly straight and very white, contrasting beautifully with their dark skin.

Our escort paused at someone’s house. We waited. People stared. Words were exchanged. We continued. Hassan, a boy we befriended on the boat, joined us at this point and we were led through a gate to the ‘guest house’. A sign titled ‘Room No.1’ was hung
outside, as were a clock and a gold-framed photograph of the President of the Republic of Maldives, His Excellency, Mr Maumoon Abdul Gayoom. On the left was a small conference hall for local meetings, and, on the right, was a bathroom; there were no other ‘guest’ rooms. A couple of women entered the premises and began sweeping. Bright-eyed children peered at us from behind the open gate. Each time eye contact was made, they would scurry away in laughter. With a wave, Hassan and the escort disappeared.

Suddenly Waleed, a teacher, appeared, carrying pillows and sheets. There was nothing in ‘Room No.1’ except a vinyl floor and an empty towel rack in the corner of the room. It looked and felt more like a mosque than a guesthouse. Perhaps it was. Waleed informed us that he would be showing us around the one square kilometre island, which was inhabited by a population of approximately 1200. He took us to his place of work, the schoolhouse. There were no classes that day, as it was Friday, the official day of prayer for the entire country. The school was a one-room open-air classroom with enough wooden chairs to seat 300 students. A sandy playground and a basketball court were adjacent.

Our escort told us about each type of fruit that existed on the island as we passed by different trees and fields. His eyes lit up as he spoke of the incredible industrious activity that goes on in preparation for and during Ramadan (the Muslim month of fast). The entire community pitches in to clear the fields in order to plant watermelon seeds. Everyone participates in nurturing this crop, as it is lucrative for the entire community. Other crops include bananas, breadfruits, coconuts and papayas.

The government allows its people to cultivate public lands. No taxes are levied. Some islands grow bamboo, betel nut, chilli, mangoes, millet, pandanus, taro, sweet potatoes and yams. On a very few islands it is possible to grow citrus fruits and pineapples.

The island of Thoddu, at the top of the Ari Atoll, grows most of the watermelons and pumpkins for the region. Most of the vegetables grown on this island are sold, rather than consumed locally. Each watermelon can earn up to $5US, especially during the month of Ramadan. The lack of availability of green vegetables on this island, and on many others, is a problem, and many children are iron-deficient as a result. People eat tuna and rice, every day. The only livestock on the island are chickens, which are eaten on special occasions. Surplus may be transported to Malé. Bats, cats and rats are the only mammals on Thoddu. On other islands, people raise goats for special occasions. Fresh and dried fish are also good sources of income for the people of Thoddu. Many tables, scattered around the island, were being used for drying shark meat and tuna fish.

Waleed took us from one side of his island to the other. A few villagers were bicycling on the paths. The soccer field, where a match was being played during the earlier part of the morning, was now barren as the heat of the day intensified. Sweat began to pour down my back and mosquitoes began to cluster around the new blood that had just entered their zone. Nevertheless the scenery was too peaceful and serene to complain about such otherwise unpleasant elements. It was so glorious to be outside, surrounded by so much fresh, clean air. The paths were lined primarily by tall coconut trees, which stretched across the island. The waves of the sea, on either side of Thoddu, could be seen in the distance.

On our journey, we met two elderly men. The first was carrying huge quantities of dead palm branches, each measuring at least ten feet. He wore thick spectacles and a blue sarong. He was collecting these branches in order to build a fence around his home.

The other man turned out to be Waleed’s father, a very sturdy man with one eye sewn shut. He, too, wore the traditional sarong, as he chopped down branches with his 10-inch
cleaver. As we approached, he climbed a coconut tree to bring us some of its fruits. With a skilled hand, he chopped off the tops of the coconuts and we drank their milk. We gave him the shells and he sliced them in two so that we could eat the coconut flesh with a handmade spoon – a 75mm chip off the side of the coconut. We thanked him for the delicious treat and were on our way. Waleed continued to tell us more about the natural treasures of the island.

At noon, we were summoned to go swimming. The Maldives is a 100 per cent Muslim country and it is common to swim on Fridays. Since the people are extremely strict about any degree of nudity, most people go swimming fully clothed. This was a new experience for me and I felt as if I had just fallen off a boat fully dressed. Men must wear shorts and the minimal acceptable requirement for women is a T-shirt and shorts, which completely cover the thighs. Many villagers wore full-length pants and long-sleeved shirts as they dived into the turquoise-clear Indian Ocean. There were no women in sight and no one really swam. It seemed as if floating and staying in a cluster was the norm. Although this was an island, surrounded by the most immaculate water I have ever seen, swimming was limited to this one particular area.

At precisely 12.25 p.m., like clockwork, everyone left the water and made their way to the mosque for Friday prayers. Five minutes later, chanted verses of the Koran echoed across the island. Everyone was engulfed by the imam’s powerful voice. Once prayers were finished, families gathered for their holy-day meal.

We were given a few hours to rest in the afternoon. This pause was very welcome as the heat of the equator can be very draining, especially for those not used to its intensity. At 4 p.m., Waleed, accompanied by Feros, came to fetch us. A teacher from Sri Lanka, Feros would be our companion for the remainder of the day. He was delighted to be able to practise his English with us. Although perturbed by the fact that our original escort had disappeared, Feros was genuinely pleased at the opportunity to show us and tell us about his life in Thoddu.

Feros’s duty was to show us the historical monuments of the island. These consisted of tombs of previous sultans, as well as the remains of an ancient Buddhist temple (literally, a pile of rocks). Idol worship is strictly shunned in the Maldives. Apparently many villagers began dismantling the temple during the 1960s and used the stones to make parts of their homes.

We visited Feros’ place, a tiny, dimly lit room that had never been painted. A few shirts hung in the corner and his Sony radio was the centrepiece of the room. This radio is what keeps him in touch with the world’s current events, something that is of negligible interest to most of the islanders. Although he misses his wife and daughter, Feros explained how delighted he is to be on this ‘paradise’ island. He is fortunate to be able to go back to Sri Lanka during term breaks. His teaching job permits him to save money for the future. He says that saving is virtually impossible in his country as high taxes are levied to pay for the seemingly never-ending war. Education is very important in Sri Lanka, and it is very meaningful to Feros as well. Unfortunately there are too few teachers in Thoddu and education stops at seventh grade. Any student wishing to further his or her studies must do so in Malé. Most children’s ambition, however, is to be fishermen when they grow up.

Feros told us that the birth rate is somewhat out of control. Some women are pregnant all the time. Although the lack of green vegetables on the island is a problem, and many children are iron-deficient, most of the vegetables grown on the island are sold, rather
than used for domestic consumption. Drinking water is collected, in large vats, from the rain. The water itself is safe, but the vats are not always in the best condition, causing metal particles to fall into the water.

As the sun began to set, fruit bats, each with a two-metre wingspan began circling the island. We watched them as they climbed through the trees, their wings wrapped around themselves like real capes. With big eyes, they stared at us in return. Every so often, they would leap into the air, a beautiful silhouette against the fading blue sky. Apart from the bats, cats and rats which are the only permanent mammals on the island, a few chickens are bred for special occasions.

We sat on the beach to watch the sun set. The vastness of the sky was unmistakably that of the Indian Ocean. It took a matter of moments for darkness to blanket the earth. As we headed back to Room No.1, Adam Ali, the local business owner, invited us to eat at his restaurant. Restaurants in the Maldives are called ‘Hotels’. His wife served us fish balls and 7-Up. A half-hour later, our original sponsor appeared out of nowhere with his sidekick, Hassan. They came to inform us that the dhoani headed for Malé would be leaving that night at 1 a.m. They disappeared again. Moments later, as if rehearsed, Waleed returned to invite us for a meal at his sister’s place. She prepared a beautiful spread of coconut rice, ramen noodles with tuna, and a tuna curry. Black tea with a lot of sugar was the dessert. This meal seemed very procedural and lasted less than 15 minutes. We were escorted home by another new face.

As we approached our room, we found a gathering of young girls at our door. They were all carrying metal pots and their ‘sweepers’. A man was seated in the corner with an electric synthesiser while another man, standing beside him, was holding the traditional bodu beru drum. We sat outside while they sang, played their instruments and swayed back and forth to the music. The traditional music is quite tribal in nature and is performed every Friday night. We fell asleep, soon after, only to be awakened abruptly at 12.50 a.m. for our return trip to Malé. We paid our original escort for the use of the guesthouse and for the boat ride to Thoddu. We followed our ‘sponsor’ to the dock where we waited, eyes half-opened, for nearly two hours until the actual departure. Bats flew by overhead and rats scurried around. The people’s eyes glowed in the dark like those of cats.

The men would pile up the boat, with coconuts, melons, barrels and boxes. A flashlight was used on the dhoani to alert any small boat to its location. Two lights shone on the wharf. The return trip was on a bigger dhoani than the previous one. This vessel was too big to be docked at the pier, so all the merchandise and bags, as well as passengers, had to be ferried aboard a small, wooden, motorboat that shuttled back and forth in the dead of night.

We boarded the small boat to reach the dock. There were a few familiar faces, from the boat ride of the previous night, joining us. It had rained earlier on and so the boat was wet. This did not seem to bother anyone. We all took our places on the planks as if guided by an invisible hand. Like vandals in the night, the rituals of leaving began. This time, the procedure seemed perfectly natural. The stars were there to comfort us and the sea was smooth. Another peaceful night, another peaceful sleep, another beautiful morning to wake up to as we glided into the port of Malé, just as the market activities were resuming. It was as if the whole expedition was a dream. Once disembarked, we sat on the same sidewalk as before, and watched attentively as the day’s market activities began to unroll. Time can stand still, but a lot can happen in that stillness.
Conclusion
There are no finance companies, investment banks or trading banks in the Maldives. Nor does this country have a stock market, yet the apparent lack of capital markets is not seen as a constraint. With little formal education, Dhivehi entrepreneurs may appear to be unskilled people using simple technology. However they perform important economic functions. They do not perceive the lack of formal infrastructure or the lack of capital as a constraint. Nor are they concerned about risk. While the islands thrive on a subsistence market economy, the capital is a town of small enterprises. Unemployment never exceeds 1 per cent and the people are, on average, the richest in the region.

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PART IV

EUROPE
The contributions to Part IV represent an intriguing and varied picture of the changes that have happened in indigenous peoples’ livelihoods and economies within the specific geographic environments and cultural settings of Europe’s Far and Atlantic North during the twentieth century and into the twenty-first century. The individual chapters create their own foci presenting, discussing and analysing case studies from different regions and countries in which indigenous peoples and immigrant populations reside with each other as majorities or minorities. Together the chapters provide a detailed insight into the dynamics of local entrepreneurship in small, dispersed communities throughout a vast geographic space, their centre of life – homelands – that are too often seen as peripheral and remote by external interests. Ethnography and participant observation allow for description and a focus on specific local cases, while other chapters include theoretical discussions related both to the selected cases and to the broader context of economic and political developments in multicultural and multilingual settings, national developments and international cooperation, following earlier discussions stimulated by Fredrik Barth (1963).

Regional processes and geographical names
The residents of Europe’s Far and Atlantic North have experienced rapid socioeconomic and political changes since the late 1980s and early 1990s, when the dividing line of the bipolar world between East and West gradually disappeared. The geographic regions include (i) Kalaallit Nunaat, the Land of the Kalaallit, or Greenland (cf. Dahl, 2000) in the maritime rim of Europe’s North Atlantic; (ii) Gaeltacht, Gaelic-speaking Western Ireland (cf. Brody, 1974); and (iii) the areas north of the 64th parallel in continental Northern Europe, with studies from Norway, Sweden, Finland and Russia.

The selection of contributions is not an indication of a systematic and exhaustive coverage of the whole region, but rather the result of existing cooperative networks among researchers in these areas interested in issues of local, small-scale entrepreneurship among indigenous peoples and immigration populations.

In the following chapters various geographical names are used, particularly throughout the region of Europe’s Far North, that give an indication of the historical and modern regional processes that have occurred in this part of the world. Europe’s Far North, also referred to as Northernmost Europe, is the continental landmass that stretches from the Atlantic coast of Norway through Sweden, Finland and Russia to the Ural Mountains. Considering the waters north of the European continent, one refers to Europe’s Arctic, the sector that includes all archipelagos, islands and the pack ice right to the North Pole and is part of the circumpolar North.

The heartland of the continental Far North of Europe is Sápmi, the homeland of the Sámi, the aboriginal people of this region. Their homeland is now divided among the
modern states of Norway, Sweden, Finland and the Russian Federation that had been established after a long historical process of expansion and nation building by Norwegians, Swedes, Finns and Russians. They now form the majority populations in these northern regions who have put the Sámi in a minority position within most of their communities. Each spring, Sámi reindeer owners follow their herds in the highlands for the annual round-up, at which time reindeer are marked.

Continental Northern Europe is also often named ‘Fenno-Scandia’ which identifies the regions with Finnish and Scandinavian heritage and languages on and around the Fenno-Scandian Precambrian shield: in Norway, Sweden and Finland. To further complicate the regional structure of Northern Europe, references are made to the political constructs the Scandinavian Norden or Finnish Pohjola, the Nordic Countries with their Nordic Council (founded in 1953) and Nordic Council of Ministers (1971) including, from east to west, Finland with autonomous Åland, Sweden, Denmark with Greenland and the Faroe under home rule, Norway and Iceland. In the Far North, the northernmost countries of Norway, Sweden and Finland established the North Calotte Committee in 1967 (since 2002, North Calotte Council) to further cross-boundary exchange and cooperation on regional policies, local economic development, culture and art (cf. Lähteenmäki and Pihlaja, 2004). Such interregional cooperative councils exist throughout the Nordic countries, reaching beyond national borders under the auspices of the Nordic Council.

In the early 1990s, the collapse of the Soviet Union opened new avenues for regional processes bringing the Murmansk and Arkhangelsk districts ever closer into the emerging European connections and networks. In 1993, thanks to an initiative by Norway, the regions of Northwest Russia, also called the Russian European North, agreed with their Nordic counterparts to establish the Barents Euro-Arctic Council (BEAC) to enhance political, socioeconomic and cultural links among the diverse regions of Europe’s Far North and with the European Union, which attained its own Northern Dimension with the accession of Sweden and Finland as its northernmost member states in 1995.

**Sociopolitical change in Europe's Far North**

The recent changes that have occurred in Europe’s Far North had partly been caused by the transition in the Soviet Union from a controlled and often rigidly closed system impeding international and regional relations to a broadly open system guided by free-market forces and less restrictive communications and exchanges within the state and across political borders. After the firm establishment of the Soviet Union in Northwest Russia by 1920, and afterwards exacerbated by both the Second World War and the Cold War, northernmost Europe was divided factually into eastern and western regions, with little contact between them for a period of over 70 years (cf. Granberg, 1998).

In the West, in post-war Finland and Norway, governments were concerned with the reconstruction of their respective northern areas in the aftermath of occupation and devastation inflicted by the armed forces of Nazi Germany between 1940 and 1945. The Nordic model of the paramount welfare state emerging in and spreading from Sweden stressed equal opportunity and access to public services for all its citizens, wherever they might reside within the national territory. This model was extended by the creation of the Nordic Council and the Nordic Council of Ministers and their activities. For the northernmost areas, the perceived periphery of these Nordic states, this development also meant the maintaining and sustaining of an appropriate number of permanent residents.
to whom equal standards were afforded and guaranteed for socio-economic conditions and well-being, including health, education and quality of life that were set for the nations as a whole (cf. Barth, 1963). In general, it can be stated that the Nordic states have achieved this goal, also for purposes of asserting territorial sovereignty, through considerable subventions without incurring a substantial decrease in the population base, although current trends indicate a gradual decline in the population (cf. Granberg, 1998).

The Soviet Union, for her part, invested enormously in the expansion of the industrial extraction of natural resources in its northern areas with high human costs and risks. Furthermore it created an umbrella of military protection and security and developed the national infrastructure by stressing internal mobility and trade. These developments caused a large influx of people, for example, into the region of Northwest Russia. By the mid-1990s, the Russian population outnumbered northern Fenno-Scandia with four million against just one million inhabitants, representing the highest population concentration and density in the circumpolar North in the metropolitan areas of Murmansk and Arkhangelsk.

The regions of northernmost Europe are characterized by cultural and linguistic diversity that has evolved over a long period of time. Long-term contacts across cultural and linguistic lines have been part of people’s lives, albeit not always without ethnic and national altercations. The juxtaposition between indigenous and immigrant populations and/or minorities and majorities is a fact of everyday life and is still the cause of major concerns over territorial claims, resource utilization and human, cultural and linguistic rights.

The aboriginal peoples in northernmost Fenno-Scandia and the Russian European North, the Sámi (cf. Aikio, 1992; Lehtola, 2004), Nenets and Komi (cf. Pika et al., 1996) live in centralized states in which they often do not have direct access to decision-making processes. Norwegians, Swedes, Finns and Russians, the historic immigrants residing in these northern tiers, are fully represented by their modern ‘nation-states’ whose role is questioned by these aboriginal peoples. The Finnish immigrants in northern Norway, called the Kvens, and in northern Sweden, the speakers of Finnish and Meänkieli (in Finnish: ‘our language’), are recognized minorities within these countries and add to the multicultural complexity of Europe’s Far North.

The disappearance of the ‘Iron Curtain’ in northernmost Europe has had a profound effect on the network of interrelationships among the different regions and their residents. To cope with and accommodate these changes, new structures facilitating and increasing exchange and cooperation have emerged from focusing on the interconnectedness among all regions in Europe’s Far North socio-economically, culturally and politically. Examples of such new structures are the Barents Euro-Arctic Council that is the framework for interregional cooperation across international boundaries. Furthermore the northern extension of the European Union into these areas has altered the conditions for socio-economic development and standards for well-being. Future expectations and aspirations of local residents are often quite contradictory. There are many concerns about this critical phase of transition in Russia. In Europe, that is, in the European Union, development policies in industrial and environmental management are combined with expectations of progress in commercial and economic performance, thus increasing the demands for comprehensive human security that would lead to a better quality of life, whether through higher levels of income, economic opportunities, education or health and food conditions.
The Sámi, aboriginal people of Europe’s Far North: dimensions of ethnicity

The Sámi are the aboriginal people of Europe’s Far North. They are the inhabitants of Sápmi, the homeland of the Sámi, and speak various Sámi languages in which they refer to themselves as Sámi, we, the people, with its variations (cf. Lehtola, 2004). Their neighbours to the south and east have coined the term Lapps or Lappish for them in their respective languages, a term perceived by the Sámi as derogatory. For some decades now, the use of Sámi, particularly in Global English, has obtained acceptance in Nordic countries and internationally. The spelling Sámi is the closest to the usage in Sámi languages and thus adaptable to English; other spellings such as Sami or Saami are also used in various languages, including English.

In Finland, some confusion arises over the application of the term ‘Sámi’ (in Finnish saamelainen) or ‘Lappish’ (in Finnish: lappalainen), the latter being the term for the Sámi before saamelainen came into use in Finnish, meaning, in fact, the very same people. Today this ethnic term is used by people for themselves who are Finnish speaking but are descendents of people (Sámi or Finns) who, in the eighteenth century, had obtained specific land rights as so-called ‘Tax Lapps’ without reference to ethnicity. This situation is further confused by some authors’ use of ‘Lappish’ to refer to the residents of Finland’s northernmost province, Lappi (Lapland) who are called lappilainen (pl. lappilaiset) without reference to ethnicity, although it is assumed that most of them are Finns.

The modern Sámi communities lie dispersed throughout Sápmi; however, many Sámi have moved to places outside Sápmi following the trail of economic and social opportunities in larger centres such as Oslo, Stockholm, Helsinki, Murmansk and other regional places. Politically, the Sámi have developed organizations within the countries they live in or on an international level beginning with the Sámi Council and Conference in the 1950s. These institutions have worked towards the recognition of the Sámi by Nordic governments, efforts that led eventually to the establishment of the Sámi parliaments in Finland (1973, reconstituted in 1995), in Norway (1989) and in Sweden (1993). Eligible Sámi voters elect the members of these parliaments; voters’ registration uses descent, language and self-ascription as criteria. The parliaments have also formed the Sámi Parliamentary Council to further intra-Sámi cooperation and representation of all Sámi internationally. Both Norway and Finland have recognized Sámi aboriginal rights by changing their constitutions, in 1989 and 1995, respectively. Furthermore such rights and the rights to reindeer herding were included in a special protocol appended to the accession treaties between Finland, Sweden and the European Union recognizing the Sámi as an aboriginal people in the European Union (cf. Lehtola, 2004).

Livelihood or market economy: the pivot of reindeer herding?

Reindeer, either wild or herded, have been a mainstay as a resource for food and materials for northern peoples in the circumpolar North in the past and in the present (Jernsletten and Klokov, 2002; Anderson and Nuttall, 2004). Reindeer, also called ‘caribou’ in North America, are a circumpolar species and well adapted to the natural northern habitats. In Europe’s Far North, the Sámi have lived with reindeer as the thread of their being that has connected environment, culture and livelihood from times immemorial; their neighbouring Finns to the south have integrated this animal as an additional element into their emerging agricultural cycles in more recent times. At the beginning of the twenty-first century, keeping and herding of reindeer are under considerable
pressure to adapt and change, internally and externally. This process is due to modernization, globalization and mechanization (Forbes et al., 2005).

More recently these rapid processes have been accompanied by the development that reindeer have also become an iconoclastic and emblematic symbol in national and global image building. Within this context the Nordic countries and, in particular, Finland and Sweden, as members of the European Union, appear to have emerged globally as representative of the mythical North and ‘wilderness’ attracting global tourism with the ever-popular Santa Claus. Recently Finnish corporate businesses and their brands, such as Finlandia Vodka, inviting one to a hearty drink, or Nokia, connecting people, have invoked images of reindeer and herding peoples. This kind of romanticizing reindeer and herders does not match the socio-economic situation that exists throughout the reindeer herding communities and districts in the various northern countries. As expressed in a number of chapters in this part of the volume, it seems that reindeer herding walks the fine line between livelihood, that is, the link between nature (reindeer and pasture) and culture (of being Sámi), and the free market economy that seeks the maximization of production and return. This walk on the tightrope is also indicated by the various terms and concepts that are applied by authors to try to understand the processes that have occurred in reindeer–human relations over time. In the literature the reader will find, almost next to each other, ‘reindeer keeping, herding, husbandry, breeding, management, or industry’ or ‘herded, semi-domesticated, or domesticated reindeer’.

Most of these concepts try to relate herding to agriculture, a connection that Sámi herders do not accept owing to the nature of herding, which interferes with the animal, the reindeer, as little as possible and only at crucial times, such as calving, separation and slaughtering (cf. Jernsletten and Klokov, 2002). Breeding or husbandry, which includes breeding, is only pursued to a limited degree in Europe’s reindeer herding areas. In this context, modern management and industry refers to the application of innovative applications, subventions and tools (vehicles, telecommunications and so on). Reindeer herders function as entrepreneurs individually and in communities and constantly make decisions that are embedded in locally based cultural traditions and social organization. Thus their success cannot easily be measured in solely monetary terms.

**Shaping the future of indigenous entrepreneurship in Europe**

In the early 1960s, community-based indigenous livelihoods and economies could still be understood as an internal system based on available resources whose utilization centres on a localized cultural and socio-economic focus. Since then rapid changes have been accompanied by the introduction of technological innovations, monetary systems, management practices, administrative structures, and laws. Indigenous economic activities have evolved more and more into a commercially defined enterprise that emphasized the increase of production for export beyond the local market network, for example in reindeer herding. Furthermore the local systems have gradually become accustomed to new constraints introduced by multiple land users functioning in the same space. These rapid changes have received responses that question the future of indigenous entrepreneurship and its success in Europe’s Far and Atlantic North.

It is apparent that a holistic approach is needed to manage, for example, northern ecosystems, animals and herding in conjunction with the expectations of modern societies, taking into account cultural, socio-economic and political considerations to cope
with future developments. The discussions in the following chapters indicate that various applied approaches can be successful in alleviating political and cultural tensions and in increasing the level of social awareness, information and knowledge in the small and dispersed communities. These approaches and their applications need to be aimed at the maintenance of socio-cultural identity, supported by secured and even subsidized economic activities and land use practices.

References
Aikio, Samuli (1992), Olhmot ovadal min. Sámiid historjá 1700-jogu rådjái (in Northern Sámi: The People before Us. Sámi History to the 1700s), Ohcejohka: Girjegiisá Oy.
Lähteenmäki, Maria and Päivi Maria Pihlaja (eds) (2004), The North Calotte. Perspectives on the Histories and Cultures of Northernmost Europe (publications of the Department of History, University of Helsinki 18), Aanaar-Inari: Puntsi Publisher.
Throughout the world, the Inuit have been admired for their ingenious ways of coping with what most non-Arctic people consider a harsh environment of ice and darkness. The history of the Inuit is indeed one characterized by flexibility, innovation, technical engineering and active adaptability – qualities often pointed out as characterising entrepreneurs. Even small technical or social changes and innovations could mean a major difference for the continuation of the individual or the community. Today, the Inuit often perceive these qualities as a part of their cultural heritage. This perception is challenged by a widespread (primarily colonial and Danish) perception which stresses that the Inuit intrinsically lack such qualities. Greenlanders are often portrayed as lazy, without initiative and a sense of responsibility. A perception like this has helped to legitimise most colonial activities and it has put the initiative solely in the hands of Danes who have played a major role in the development of Greenland since it was colonized in 1721 by the missionary Hans Egede. Some Greenlanders argue against such a position by claiming that their supposed lack of initiative is the result of 250 years of paternal Danish colonisation, which has marginalised Greenlanders in their own country and made them bystanders to a developmental process of titanic proportions.

These perceptions are based primarily on cultural arguments: either entrepreneurship is intrinsic to Inuit culture or it is lacking in the culture altogether. Contemporary debates in Greenland often reflect these binary positions. However an additional parameter is often integrated in order to understand the position and possibilities of entrepreneurs: the role of structural and economic limitations in Greenland. In reports on economic goals and strategies in Greenland the following structural limitations are typically put forward.

1. Covering about 2.2 million square kilometres, it represents the world’s largest island. However, 85 per cent of the island is covered by the uninhabitable ice cap. The 56 000-large population live primarily along the coast of West Greenland. About 10 per cent of the population is born outside Greenland (primarily Danes). The population is distributed in 18 towns, Nuuk (population: 13 884) and Sisimiut (population 5213) being the largest, and 62 small communities. The most northern and southern communities are about 2000 kilometres apart. The small population is thus distributed throughout a large territory. Having no roads or railroads between communities, transportation is primarily done by ship and air. The costs of transport are extremely high and the technical requirements are tremendous. Transportation in the Arctic is a major challenge in many regions, as ice and weather conditions are limiting factors. Some areas in Greenland cannot be reached for several months of the year because of ice. Other areas, like Sisimiut and Nuuk, do not face these limitations and the foundations for industry and small businesses are much better in these areas. The long distances between consumers and suppliers make goods expensive and narrow down potential markets.
Greenland’s main economic pillar is the fishing industry, which focuses on the following core resources: shrimps, Greenland halibut and crabs. Despite large quantities in production, the industry can be characterised as having a very narrow base with respect to the diversity of the resource base. It constitutes 88 per cent of the export value. Combined with a low degree of self-sufficiency this makes Greenland very dependent upon the import of goods and services from outside (Danielsen et al., 1998: 18).

Greenland is very dependent upon subsidies from Denmark, amounting to 30 per cent of the GNP.

The educational level is low, and the number of unskilled workers is therefore high.

The lack of adequate housing facilities hinders movement of the working force. One thus faces the paradox that unemployed qualified persons in one area may not be able to move to another community where their skills are in demand.

It is within this structural framework that the entrepreneur has to manoeuvre and very often it does not provide sufficient elbow room to expand and initiate businesses.

**Economic pillars and obstacles**

The Greenlandic economy is based on four pillars. In Table 17.1, the size of each pillar is illustrated by the number of persons employed (in 1996).

Apart from the land-based businesses, it is striking how dependent Greenland is on the fishing industry. Today, the industry is dominated by the Royal Greenland A/S (RG) company, which catches, produces and sells seafood products. It is fully owned by the people of Greenland; in practice the Home Rule. The modern and dynamic company has about 2500 employees, operating worldwide from plants and trawlers in Greenland, Denmark and Germany and from sales offices in Germany, USA, England, France, Italy and Japan. Few private companies are engaged in the industry. As an entrepreneur, it is rather difficult to enter this arena because RG has an enormous influence on most aspects of the fishing sector. If an entrepreneur finds a niche product or enters into direct competition with RG, a David against Goliath situation is to be expected. However the fishing industry creates a number of small-scale business opportunities in the secondary sector. Fishing vessels are in need of trawl nets, shipbuilding yards, financial services and so on. Many entrepreneurs in the secondary sector are also engaged in the primary sector of the fishing industry. Fishermen may develop new niches within the fishing industry, as was the case with crab fishing, which has now turned into a profitable activity for many small-scale fishermen.

Although the fishing industry is a difficult arena to enter as a new entrepreneur, several thousand persons are engaged in small-scale fishing, hunting and whaling – activities which they run independently. They provide families and communities with fresh meat

**Table 17.1 The four economic pillars**

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Persons Employed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable resources (shrimps, fish, seals, whales)</td>
<td>6380</td>
</tr>
<tr>
<td>Non-renewable resources (oil, minerals, gas)</td>
<td>40</td>
</tr>
<tr>
<td>Tourism</td>
<td>210</td>
</tr>
<tr>
<td>Land-based businesses (transport and service)</td>
<td>8220</td>
</tr>
</tbody>
</table>

and are looked upon as the backbone of many isolated communities. They are also engaged in small-scale production for the local and national markets (Caulfield, 1997; Sejersen, 1998). Those pursuing small-scale hunting and fishing, from skiffs with outboard motors or from small cutters, are often looked upon as the true entrepreneurs in Greenland. They are their own bosses and this position is treasure indeed. While their investment, personal commitment and responsibility are considered noteworthy by the rest of the community, their contribution to the national economy is quite limited (Paldam, 1994), and they are often considered a low-income group. Furthermore they are not considered entrepreneurs in a normal sense, because sale is often determined beforehand and set up by RG or other institutions.

Several initiatives have been launched to improve the income of this group and to encourage entrepreneurship. Municipalities in the bigger towns have invested in open meat markets to furnish the sale of fresh meat to the community. Additionally a number of co-ops had been established, with the main purpose of processing hunting products for the national and international (mainly Danish) market. The main target of production has been caribou, whales, cod, salmon and other resources such as seals.

None of these co-ops exists today. According to Winter (2001) and Olsen (2001) there are several reasons for this. First, hunters were not aware of the market mechanisms and they turned into their own competitors by being suppliers to the co-ops and to the local meat market at the same time. Second, they too often expected to get first-quality prices for poor products. Third, the co-ops were struggling with highly fluctuating resource availability (due to season, ice, resource size and so on) as well as maintaining steady supplies. Fourth, they often had to enter agreements with RG which were not always beneficial. Fifth, the transportation costs were undermining the business in the long run. Sixth, the co-ops often had to compete with RG and take up niches of production that the Home Rule did not find sufficiently profitable (in other words, RG and the Home Rule were monopolising the profitable spheres of production). One of the most famous co-ops was Sipineq, based in Sisimiut. Its success also turned into its ruin. In the words of the director, who acted as an entrepreneur in many ways, ‘In Sipineq, we were in the situation that we were pioneers of most of what we did. It was very satisfying, but also exasperating, when we later realized that other cooperative producers copied our produce, unfortunately not always of the same quality, but always at competitive prices’ (Olsen, 2001: 267).

The former director also suggests an explanation for the hunters (and thus the suppliers and the owners of the cooperative processing plant) outdoing themselves: ‘Instead of labelling a company a stock holding company, a closely-held company or a limited liability company, companies whatever their legal status in Inuit language were called “peqatigiiffirit”, all lumped together. For the same reason, the idea of a cooperative company model, and how it worked in practice was quite unknown’ (ibid.: 262). ‘Peqatigiiffirit’ means ‘a place where you do something together’ and the director draws attention to the inter-cultural problems associated with the establishment and running of new enterprises unfamiliar to the Greenlandic population. Entrepreneurs may thus have good conditions for success but may be caught in intercultural problems related to concepts and perceptions of tasks, for example (see also Kahlig, 2001; Winter, 2001: 243–4). According to the director, ‘the Cooperative had a board committee, with no clear understanding of their job, and the members of Sipineq did not have any understanding of their duties or rights as members of the cooperative’ (Olsen, 2001: 264).
Figure 17.1 The environment in Greenland is a challenge for entrepreneurs (photo by J. Trondhjem)
The issue of intercultural problems is present to a much greater extent in tourism and in the extraction of non-renewable resources which often require large-scale investments (infrastructure, hotel building, transportation and so on), and a certain level of education and language skills. Even though these industries may stand out as potentially profitable, there may be social and cultural reasons for not choosing to start up as an entrepreneur. Recently the Home Rule has started to focus on an industry whose importance has been underestimated, and it is an industry full of entrepreneurs. This is the production of local Inuit handicrafts. The business is striving and is open and attractive to many thanks to the low investment requirements and its decentralised nature (you can work at home and be your own boss). Handicrafts was dealt with previously by the Department of Culture but has now been transferred to the Department of Business. This move is expected to speed up the development of the handicraft industry.

One of the major hindrances to the establishment of new small-scale industries and businesses is the production costs. Water and electricity are very expensive as a consequence of Home Rule policy. In order to make living possible in small communities where the costs of electricity and water are substantial, the Home Rule has practised a policy of solidarity, with the goal of harmonising prices. The prices of electricity and water are the same no matter where one chooses to live or to set up a small business. This is only possible because the town dwellers pay higher prices for water and electricity in order to subsidise the small communities where the cost price is extremely high. However, in November 2004, the Home Rule government decided to abandon this policy of solidarity and to implement a system where consumers have to pay the real costs of water and electricity. This has been a quite controversial political step as it is expected to affect the life blood of the small communities, which are so often singled out as living icons of the Greenlandic culture and identity. If the costs of water and electricity increase, many people may have to move. With this measure, the government wants to support the establishment of new businesses and to bypass structural limitations in regions where the prices of water and electricity are low.

Greenlanders are looking at radical, new strategies to improve their economic independence from Denmark, corresponding to the political independence that Greenland obtained in 1979 when Home Rule was established. Entrepreneurs are favoured by this policy, which goes hand in hand with the Home Rule’s new active policy to encourage entrepreneurship.

The policy of the Home Rule government has until now primarily encouraged and supported entrepreneurs through subsidies. The tourism sector, for example, received subsidies amounting to US$37 500 per man-year in 1997 (Danielsen et al., 1998). Although tourism had been expected to be one of the future main economic pillars and an arena for entrepreneurs, its development has in no way been able to meet these

<table>
<thead>
<tr>
<th>Table 17.2 Tourist numbers</th>
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</thead>
<tbody>
<tr>
<td>1999</td>
</tr>
<tr>
<td>-----</td>
</tr>
<tr>
<td>26410</td>
</tr>
</tbody>
</table>

expectations. In 1996, the goal of the Home Rule was to have 61,000 tourists visiting Greenland by 2005. As is indicated in Table 17.2, the number of tourists is still far below this goal and the return of the substantial investment through subsidies to the tourist sector is thus limited.

The influence of state monopoly

Until the 1950s, the Danish state upheld a trade monopoly in Greenland, primarily through the Royal Greenlandic Trade Company (KGH). It acted as the state’s extended arm and had to integrate a number of social and political considerations which were not directly associated with trade as such. In a sense, the Home Rule government has adopted this way of thinking by creating huge Home Rule-run companies which are assigned responsibilities not directly associated with their commercial purposes. Royal Greenland and Kalaallit Niuerfiat (KNI, the Greenlandic retail trade) are examples. The dominance of these companies and the ‘interference’ of political agendas in the running of the companies have been criticised and, in 2001, 51 per cent of the KNI stocks were sold to a Danish retail company. Despite this, the dominance is still very clear, and the consequences for entrepreneurs in Greenland are far-reaching. Owing to the dominance of these companies, it is difficult to start production activities, to take up competition and to enter the markets. The big companies are already dealing with the profitable activities; they control the market and can more easily meet the requirements of high transport costs thanks to cross-subsidies within the companies. The advantages of economies of scale are obvious in Greenland.

The prominent position of these companies in the social and economic development of Greenland has given them a platform and a responsibility to act as entrepreneurs. The large companies have the size to initiate significant activities and they have continuously been put under pressure to act as institutional entrepreneurs, as they possessed the necessary competences and capital to set up a production. Their initiatives have benefited local entrepreneurs who have been able to use the slipstream, so to speak. Today local entrepreneurs are to a high degree dependent upon these companies or the Home Rule in one way or another. When the companies have tried to find private entrepreneurs to take over the production, they have often recruited among businessmen born outside Greenland. This recruitment to Greenlandic business life does not reflect the political intention to have Greenland run by Greenlanders (Anonymous, 1997: 5). There are many explanations for foreign managers, mostly from Denmark, occupying top positions in Greenland. Kahlig (2001: 175) points to the following reason:

an apparent lack of motivation from [Greenlandic] employees to accept management positions, shows that it is always a question of interpretation. Interpreted from the local point of view, ‘lack of motivation’ is not primarily an ethnic trait. History shows that Inuits [sic] have been ‘passed over’ regarding leading positions, because of the Danish expert’s dominance and lack of confidence. In addition, the desire to lead among local potential applicants for a position is not there, if it has to take place in accordance with Euro-centrist traditions of directives ‘top-down’ in a hierarchy. Moreover, there is reluctance among Inuits [sic] in relation to a potential incorporation in the upper ranks of Danes, because this is the same as becoming an individual who practices a system identified with Danish behaviour. History has disclosed that the dominance of the upper ranks is perceived as colonial oppression. This was especially the case in the early days after the establishment of the Home Rule Government, and there are still remnants of this.
The mentality supporting entrepreneurship in Greenland

Does a mentality which supports entrepreneurship exist in Greenland? This question is often raised by the Home Rule and businessmen in general. The monopolies of the state and the Home Rule are frequently pointed out as major hindrances to the blooming of entrepreneurship. It is said that people are put in a position of passivity and in a culture characterised by public social support. In some cases one may, for example, earn more money on public welfare than by working (Fællesudvalget for Erhvervsudvikling i Grønland, 2003: 23).

Greenland does not lack entrepreneurs with ideas for new projects, but an evaluation of the development of business life points out that very few examples of good liveable projects exist (Fællesudvalget for Erhvervsudvikling i Grønland, 2003: 30). Private entrepreneurs who have been successful in establishing businesses are often males born in Denmark with experience from their own or similar line of business or persons with specific competences (IT, media, sewing in sealskin). A construction entrepreneur may thus initiate new enterprises related to his main business in construction (Anonymous, 1997: 3).

A survey from 1997 on attitudes to entrepreneurship indicates that 32 per cent of the persons asked had considered starting up their own business. This was the case for 45.7 per cent of the persons born outside Greenland (primarily Danes) and for 29.4 per cent of the persons born in Greenland (Danielsen et al., 1998: 228), a distribution which the report attributes to the difference in level of education. Of the persons with a positive view of entrepreneurship, 18.2 per cent did actually set up a business; 36 per cent of those were born outside Greenland and 12.6 per cent in Greenland. Table 17.3 illustrates reasons for not establishing a business despite a positive attitude.

It is often pointed out in reports on business life that the problem is not the absence of ideas and entrepreneurship, but rather the lack of a systematic way of approaching the conversion of an idea into organised production (Anonymous, 1997: 12). One report (Danielsen et al., 1998: 232) concludes that there is a pronounced weaker basis for entrepreneurship among persons born in Greenland compared to persons born outside Greenland. However, from the abovementioned figures, one should use caution in drawing the conclusion that Greenlanders do not practise entrepreneurship. Greenlanders may, for example, be more realistic in their judgments of opportunities and thus hesitate to initiate new businesses as well as perhaps having other values which guide the

<table>
<thead>
<tr>
<th>Reasons for not establishing a business despite positive attitude</th>
<th>Born in Greenland (%)</th>
<th>Born outside Greenland (%)</th>
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</thead>
<tbody>
<tr>
<td>Financial means not available</td>
<td>76.4</td>
<td>43.1</td>
</tr>
<tr>
<td>Inadequate access to advice</td>
<td>27.3</td>
<td>11.8</td>
</tr>
<tr>
<td>Lack of courage</td>
<td>17.8</td>
<td>31.4</td>
</tr>
<tr>
<td>No access to housing facilities</td>
<td>17.4</td>
<td>13.7</td>
</tr>
<tr>
<td>Resistance in the family</td>
<td>6.2</td>
<td>3.9</td>
</tr>
<tr>
<td>Other reason</td>
<td>19.4</td>
<td>35.3</td>
</tr>
<tr>
<td><strong>n</strong></td>
<td><strong>242</strong></td>
<td><strong>51</strong></td>
</tr>
</tbody>
</table>

establishment of a new business. It could be argued that entrepreneurship among Greenlanders has better opportunities when the family or the community may benefit from the business rather than the individual entrepreneur. In line with this, Greenlandic entrepreneurs with strong family backing and support are often the most successful.

However the 1998 figures have been challenged by a recent survey conducted by Statistics Greenland (August 2004) among the 96 entrepreneurs who applied for financial support to 79 business projects. Nine out of ten of these applicants were born in Greenland and had an average age of 37.5 years; 78 per cent of the applicants came from towns and 73 per cent had never had a business before. The line of business of the applications is indicated in Table 17.4.

The service trade is dominant and it includes a number of businesses within the transport sector (e.g. taxis). Most projects are small-scale and it is expected that, for every ten projects, 36 workplaces are established.

Future challenges to entrepreneurs in Greenland

The structural limitations in Greenland are a major hindrance to the blooming of initiatives from entrepreneurs. Basically it is very difficult to expand the market outside the home municipality (Anonymous, 1997: 25–6) because of the titanic costs even for effective and successful businesses. Ineffective businesses may thus maintain a kind of monopoly owing to the modest competition. Low competition leads to low productivity, higher prices and higher production expenses. Very often, the products from abroad are very competitive with respect to both prices and quality.

Language and communication skills are highly necessary in the establishment and running of a business. In an intercultural environment such as Greenland, this requirement confronts the entrepreneur with many difficulties. First, accessibility to education may be limited if one does not master Danish at a certain level. About 40 per cent of the generations entering the workforce today are only able to communicate in Greenlandic. The number of Greenlanders fluent in Danish has decreased if compared to Greenlanders born in the period 1952–72 (Fællesudvalget for Erhvervsudvikling i Grønland, 2003: 20). This may be the result of the Greenlandic Home Rule’s policies aimed at strengthening the position of the Greenlandic language. One report also points out language problems as a barrier between customers and banks, on the one hand, and Greenlandic entrepreneurs, on the other (ibid.: 29).

Very often the Home Rule or municipalities have to subsidise and support local entrepreneurs with large capital investments in order to make even small business initiatives possible. However this public involvement may stimulate a feeling of security on behalf

<table>
<thead>
<tr>
<th>Types of business</th>
<th>Per cent</th>
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<tr>
<td>Hunting, fishing, handicraft, minerals and production</td>
<td>14</td>
</tr>
<tr>
<td>Construction</td>
<td>8</td>
</tr>
<tr>
<td>Trade</td>
<td>14</td>
</tr>
<tr>
<td>Service trade, consulting, tourism</td>
<td>42</td>
</tr>
<tr>
<td>Other</td>
<td>23</td>
</tr>
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</table>

of the entrepreneur, according to one report on production opportunities in Greenland. Consequently the entrepreneur relies on the public government\(^2\) to make the business a success rather than relying on his or her own skills, commitment and risk taking (Anonymous, 1997: 6).

An important aspect of the establishment of new businesses with more than one employee is the accessibility of qualified workers. The workforce in Greenland is generally considered unstable (ibid.: 8). Even big companies have difficulties recruiting and keeping qualified workers. In Royal Greenland’s production facilities in Ilulissat, for example, the director has announced that he is considering inviting workers from Eastern Europe. This is indeed a paradox bearing in mind the high rate of unemployment in Ilulissat.

To help entrepreneurs meet the challenges, the Home Rule has set up a company named Sulisa. Its main purpose is to support entrepreneurs with technical, economic and organisational advice as well as a financial contribution. Furthermore it promotes structural developments. Sulisa deals directly with local entrepreneurs and helps with budgets, analysis of markets, business ideas and so on. Additionally it plays a role at a municipality level where its main function is to raise the awareness of local strengths and weaknesses in future business developments. Sulisa received 79 applications for financial support between January 2001 and December 2003; 20 per cent of the applicants were females; 28 projects were supported in all. The Home Rule has done much to initiate new businesses and Sulisa is one of the prime movers for innovation and entrepreneurship. Lately a web-based handbook for entrepreneurs has been published.

Conclusion
Since 1996, Greenland has intensified processes for gaining more self-determination and independence from Denmark. This process includes a focus on economic self-reliance. Therefore the Home Rule is eager to promote and support entrepreneurship because it may help to reduce the dependence on imports and Danish subsidies. Entrepreneurship thus attracts political attention far beyond pure economic reasoning. Some of the major obstacles against successful entrepreneurship are, however, difficult and expensive to change: the educational system, the dominance of the Home Rule run and subsidised businesses, high costs of production and transportation as well as limited markets, to mention a few examples. Some decisions are associated with considerable social, cultural and economic costs, like the abandonment of the one-price system on water and electricity favouring remote communities. However the Home Rule of Greenland wants to speed up the establishment and development of small and large-scale businesses. Apart from focusing on specific branches the Home Rule has made entrepreneurship a priority as it is the main driver of a development detached from the government administration which has been Greenland’s primary entrepreneur until recently.

Notes
1. The ‘Home Rule’ was a result of a Danish parliament decision resulting in the establishment of self-governing structures in Greenland effective from 1979. This gave the public in the region (Greenland) the institutions and legal rights to take control of a number of regional affairs. Since 1979, the Home Rule has increased its competences as more and more areas of politics have been transferred from Denmark. According to context, ‘Home Rule’ refers to 1) the whole political agreement which gives the Greenland population certain rights over own affairs; 2) the institutions under this agreement (that is, the parliament, the departments and so on); and 3) the Home Rule government.
2. In the Arctic we have to differentiate between public governments (such as the one in Greenland, where all
inhabitants of the region have a right to vote for the parliament) and ethnic governments (where only specific ethnic groups are allowed to vote).

References


Sure weren’t we always self-sufficient, didn’t we have to be! Entrepreneurship in the Irish Gaeltacht

Emer Ní Bhrádaigh

Introduction

While the English language might be the international language of business and communication, there are over 40 officially recognised indigenous minority languages in the European Union, one of which is the Irish language, spoken daily by fewer than 100,000 speakers. Since 1926, the Gaeltacht (Irish-speaking) regions of the Republic of Ireland have been designated for special support to improve the socio-economic and linguistic conditions. While there are 90,048 people living in these areas, a declining percentage can speak Irish or speak it regularly. The Gaeltacht regions are in seven counties, largely along the western seaboard, and are disadvantaged in terms of many common yardsticks such as location, infrastructure, education, socio-economic conditions, unemployment and the language itself.

Numerous national and EU policy documents on entrepreneurship mention marginalised groups or ethnic groups but very rarely address minority language groups. However, since its foundation, the Irish state has provided specific industrial and enterprise development support to the Gaeltacht, initially through civil service departments and, since 1958, through state bodies. This chapter examines the patterns of entrepreneurship since the early twentieth century in the Gaeltacht in general with particular reference to the largest Gaeltacht area, Co Galway, which now has a population of over 40,000 and overlaps the boundaries of Galway city.

As large-scale employment was absent in this Gaeltacht area, throughout the twentieth century there was a heavy dependency on self-sufficiency and multiple sources of income in most households, such as knitting, fishing, poultry, turf and tourism. State-supported industries not based on natural resources, such as paper and plastics, were short-lived, but provided badly needed employment during the 1980s and 1990s. There are two strands of marine resource activity – individual fishermen receiving small grants of up to €700 and a large-scale fishing and processing cluster, primarily based in Ros a’Mhíl, the second largest fishing port in Ireland in terms of tonnage and value. There is a successful but essentially state-dependent audio-visual sector built around the Irish-medium television station TG4. This sector is now reaching a shakeout stage with only two or three enterprises employing any more than a handful of people on permanent contracts. The current strategy of Údarás na Gaeltachta, the state body for the development of the Gaeltacht, includes the development of marine resources, and language-based industries, although it is unclear whether the latter sector can sustain substantial start-ups in the long-term without ongoing direct or indirect state aid.

Owing to the lack of general state support in terms of infrastructure, Irish medium social services and so on, many of the local enterprises have their roots in a civil rights
movement in the late 1960s and in voluntary sector and cultural organizations. It was as a result of these ‘bottom-up’ efforts that Údarás na Gaeltachta (the Gaeltacht Authority) was established in 1980, with local democratic representation and the wider remit of the social, cultural and economic development of the Gaeltacht, than its predecessor, Gaeltarra Éireann, whose remit initially was to develop state industries in the area, and later also to foster private enterprise. Much of the decline in the Irish language has been attributed to the industrialisation of the Gaeltacht, yet the other social institutions such as education, health, church, county council and postal/banking services are equally important forces. The two state bodies mentioned above both concentrated on industrial development and it is only in recent years that Údarás has turned its attention to the language itself. In light of the decline of the language and other factors, both the linguistic profile of the Gaeltacht and the powers of Údarás are currently under ministerial review. Since 2005 Údarás has focused more on the socio-cultural and linguistic development of the Gaeltacht, partly through community-oriented entrepreneurship.

This chapter reports on institutional support and infrastructure issues and on the level of entrepreneurship in the population. It also reports on the difficulties encountered by Údarás na Gaeltachta and its predecessor Gaeltarra Éireann in fostering local entrepreneurship and in matching employment opportunities with local people’s employment ambitions.

1 Research context

Entrepreneurship literature has seen in recent years the emergence of strands of research about processes and change over time (Aldrich, 1999; Bygrave and Hofer, 1991; Carroll and Hannan, 2000; Gartner and Shane, 1995) and contextual / societal aspects (Bull and Willard, 1995; Carroll and Hannan, 2000; Reynolds, 1991; Specht, 1993; Spilling, 1996). The latter includes marginal / underrepresented groups (North and Smallbone, 2000; Sexton and Smilor, 1997), originally ethnic minority immigrant groups (McPherson, 1990; Ram and Deakins, 1995; Sexton and Smilor, 1997), and more recently indigenous minorities (Aarsæther and Nyseth, 2004; Dana, 1995; Peredo et al., 2004). Very little research has addressed linguistic minorities and the effect of their minority language on entrepreneurship, despite there being over 40 officially recognised indigenous languages in the 15 states of the European Union before the 2004 enlargement. Spatial aspects are also being addressed in strategy and enterprise literature (Baum and Sorenson, 2003; Mottiar and Jacobson, 2002). In parallel, strategy researchers such as Michael Porter are examining regional clusters, interestingly some of it addressing European minority language regions (Basque Country and Wales) (www.isc.hbs.edu), but not addressing the language issue.

There has been a shift away from trait-based issues, such as Schumpeter’s personification of the entrepreneur as a creative destructor of equilibrium, to more behavioural and development-based approaches (Bygrave and Hofer, 1991) throughout the population (Fitzsimons and O’Gorman, 2005; Reynolds, 1991). Collective achievements, the supportive environment which entrepreneurs require, the societal legitimacy of the entrepreneur’s actions (Bull and Willard, 1995; van de Ven, 1993) and the personal and business networks entrepreneurs need and use (Axelsson and Easton, 1992; Håkansson and Snehota, 1995; Heracleous and Murray, 2001; Mottiar and Jacobson, 2002; Renzulli et al., 2000; Reynolds, 1991) have also provided an insight into entrepreneurial patterns.
Organisation evolution (Aldrich, 1999) and corporate demography (Carroll and Hannan, 2000) examine the dynamics of the emergence, development, disbandment and interaction of a wider range of organisations over a long period of time. The ‘flow of corporate vital events over time and their interrelationships’ (Carroll and Hannan, 2002: 39), Stinchcombe’s ‘liability of newness’ (1965) and environmental imprinting can have long-lasting effects on new organisations or groups of organisations. As nascent and new enterprises depend so heavily on the required resources from the surrounding environment this imprinting at foundation and at key development stages can have ‘persisting, possibly lifelong consequences’ (Carroll and Hannan, 2002: 205) for those organisations. A longitudinal view of entrepreneurial patterns can perhaps shed some light in a way which does ‘not always square with conventional wisdom’ (Carroll and Hannan, 2002: 18). As major changes can often only occur over a long period of time, it is through an understanding of the processes of change over a long period that further change can be better informed, particularly from a public policy perspective. Thus this chapter is a review of the history of entrepreneurial patterns in the Gaeltacht. In addition, given that the Gaeltacht regions have depended less on foreign direct investment than the state as a whole, the research also contributes to the understanding and development of indigenous industry.

2 Gaeltacht

‘Gaeltacht’ is the term used to describe the regions of Ireland where Irish (Gaelic) is spoken as a community language. The language is a Celtic language, the others being Welsh, Scots Gaelic, Breton, Manx and Cornish. While the Gaeltacht covers 6.60 per cent of the landmass of the Republic of Ireland, it accounts for only 2.30 per cent of its population. All the Gaeltacht regions are in the Republic. Although vibrant urban Irish-speaking communities are emerging in Belfast and Derry in recent years, there is no officially designated Gaeltacht in Northern Ireland.

The Gaeltacht was originally officially designated in 1926 (shortly after the foundation of the Republic). A major revision in 1956 resulted in a considerable reduction of the region, and a number of minor revisions were made in 1967, 1974 and 1982 (Walsh et al., 2005). If the original designation, that the majority of the population spoke Irish, were to be strictly applied today, the official Gaeltacht would shrink considerably, given that many of the Electoral Divisions (EDs) record less than 50 per cent of their non-school-going populations being Irish speakers. Many of the national statistics inflate the true level of Irish speaking as all school goers would be categorised as daily Irish speakers, since the language is a compulsory subject on the school curriculum at primary and secondary level. A major linguistic review of the Gaeltacht commissioned by the Minister for Community, Rural and Gaeltacht Affairs is due for completion (Department of Community, Rural and Gaeltacht Affairs, 2004).

The Gaeltacht is rural, with one single town of over 1500 persons (An Daingean / Dingle, in County Kerry), and is located primarily along the western seaboard in a number of different pockets across seven counties. It is disadvantaged in terms of many common yardsticks such as location, infrastructure, education, socio-economic conditions, unemployment and the language itself. The Gaeltacht was originally seen as the fountain of the Gaelic revival and of Ireland’s unique heritage and culture, and since its establishment it has been afforded much public policy support. Most of the Gaeltacht
regions defined in 1926 had also been part of the impoverished Congested Districts designated for selected assistance in 1891. Despite much state support, some Gaeltacht areas still suffer much disadvantage. In the 2002 Census of Population, five of the six EDs with the highest rate of unemployment in the state were in the Gaeltacht, with rates of over 35
per cent in each case, three of them in the Galway Gaeltacht, while the national unemployment rate was 8.8 per cent (CSO, 2003). Owing to large-scale employment being absent in the Gaeltacht, throughout most of the twentieth century there was heavy dependency on self-sufficiency and multiple sources of income in most households (Gaeltacht Commission, 1926; Kane, 1977; Mac Aodha, 1971; Ní Chonghaile, 2002). Most of the land in the Gaeltacht is of particularly poor quality, especially in the largest area, Co Galway, which accounts for 44.5 per cent of the national Gaeltacht population. While most of the farms in this area were only four to five acres in size, the assimilation of the ‘less than 15 acres’ category into the ‘less than 30 acres’ category after the 1981 Census of Population illustrates just how small the smallholdings were.

3 Enterprise development and public policy in twentieth- and early twenty-first-century Ireland

Before the establishment of the Republic of Ireland and Northern Ireland in 1923, Ireland was governed by Britain. Of relevance to the Gaeltacht is the Congested Districts Board (CDB), established by the British government in 1891 to alleviate the destitution in particularly poor areas of Ireland, and of Scotland. The Board adopted the principle of ‘helping the people to help themselves’ (Sheridan, 1915, in Morrissey, 2001) and the CDB areas included most Gaeltacht areas. It is remarkable how similar some of the problems encountered by the Board, during its operation from 1891 to its disbandment in 1923, are to the problems which continued in the Gaeltacht throughout the twentieth century (Congested Districts Board, 1898; Micks, 1925).

Once the Irish Free State (Republic of Ireland) was established, a policy of protectionism and import substitution was soon firmly established, well into the 1950s, despite no industrial heritage and despite increased post World War Two international co-operation (Bradley, 2004; Department of Enterprise, Trade and Employment, 2003; Lee, 1989; Ó Gráda, 1997). The Industrial Development Authority was established in 1949 to ‘advise and assist the Government in the intensification of industrial development’ (Garvin, 2004: 171). While spawning a few organisations throughout the years, its main current successors are Enterprise Ireland, which fosters indigenous enterprise development, and IDA Ireland, which attracts foreign investment to the country.

The 1950s were one of the bleakest decades for twentieth-century Ireland, with high levels of emigration and unemployment, and a spirit of hopelessness. Four of every five persons born in the 1930s or 1940s were emigrating (with higher rates among females), which must have had a deep impact on those who stayed (Lee, 1989); opportunities of any kind of better life at home were essentially absent; many emigrated for social or psychological reasons rather than purely economic ones. Matters could hardly get any worse. It was time for a radical change of policy. This was brought about largely under the stewardship of the Secretary of the Department of Finance, T.K. Whitaker (a fluent Irish speaker) under whom the landmark Economic Development report was published in 1958 (Department of Finance, 1958; Whitaker, 1983). The report resulted in a radical change from an inward-looking protectionist policy to a more open, export-oriented policy, and in great effort in attracting foreign investment. Around the same time, in 1959, the Shannon Free Area Development Company (now Shannon Development) was established, to develop industries around the new international airport at Shannon, in the region covering County Clare, County Limerick, North Kerry, South West Offaly and
North Tipperary. The 1960s were marked by reasonable growth, and increased investment in education in the form of the introduction, in 1967, of free second level education for every child.

It was in the early 1980s that the Telesis report recommended that indigenous enterprise be developed (National Economic and Social Council, 1982) and, a decade later, the Culliton report was talking of fostering ‘a spirit of self-reliance and a determination to take charge of our future’ (Industrial Policy Review Group, 1992: 7). The county enterprise boards were established in 1993 to provide more decentralised locally based support to small-scale enterprises. The indigenous enterprise division of the Industrial Development Authority (IDA) was transferred to the newly established Enterprise Ireland in 1998, by which time the term ‘enterprise’ was increasingly centre-stage, as witnessed by Forfás’s two most recent reports: Enterprise 2010 (2000) and the Enterprise Strategy Group’s Ahead of the Curve (2004). At present Ireland enjoys a high rate of entrepreneurial activity, as witnessed by its high rankings in the Global Entrepreneurship Monitor (Fitzsimons and O’Gorman, 2005). Unfortunately throughout these deliberations, Údarás na Gaeltachta did not have a central role, while Shannon Development, the other regional authority established the year after Gaeltarra Éireann, had a central role (Ni Bhrádaigh, 2004b). Shannon Development, IDA Ireland, Enterprise Ireland and the County Enterprise Boards come under the remit of the Department of Enterprise Trade and Employment and its various predecessors, while Gaeltarra Éireann and Údarás na Gaeltachta come under the Department of Community, Rural and Gaeltacht Affairs and its various predecessors.

The much admired Celtic Tiger might better be called an ‘Ameroceltic Tiger’, and much of its success can be attributed to IDA Ireland’s achievements in attracting foreign direct investment to Ireland. Between 1993 and 1999, 88.1 per cent of the growth in manufacturing exports came from American corporations and only 2.6 per cent from indigenous companies (Foley, 2002), and in the same period the proportion of output accounted for by foreign corporations rose from 53 per cent to 78 per cent, and that of American corporations from 34 per cent to 64 per cent (Enterprise Strategy Group, 2004). The principle of attracting outside investors has its roots in the 1950s. Established under the Undeveloped Areas Act of 1952, the aim of An Foras Tionscal (‘The Industry Foundation’) was to provide particular support and encouragement to undeveloped areas, and was based on the assumption that private enterprise could be induced to come into the undeveloped areas and set up industries. This was perhaps the first hint at the policy of attracting outside, and later foreign, investment and entrepreneurs, rather than develop local/indigenous enterprise. Against this national backdrop it is hardly surprising that much of the Gaeltacht enterprise development policy until the last decade had also emphasised the attraction of industry into the area, rather than the fostering of indigenous enterprise.

4 Entrepreneurial activity in the Gaeltacht
This section outlines the patterns of entrepreneurship in the Gaeltacht from the early 1900s to the early twentieth century, with particular emphasis on the largest of the Gaeltacht areas, Co Galway (see Figure 18.1), where the headquarters of Údarás na Gaeltachta (the Gaeltacht Authority) and the national Irish medium radio and television stations, Raidió na Gaeltachta and TG4, are located. Analysis of state grant-aid for this
county for the period 1958–2003 showed how late any kind of industrialisation commenced, and how the state-aided enterprises established by Gaeltacht people from the 1960s up to the 1980s were in such basic infrastructural products and services as building, mining, rockblasting, garages, hairdressing and, later, timber processing, knitting, aluminium doors and windows and light engineering. This analysis also revealed the continued high number of small grants for part-time fishermen (Ní Bhrádaigh and Murray, 2006).

a) From dire poverty to inefficient state-run enterprises

In 1926, the Gaeltacht Commission reported that the ‘data make very clear the disparity in wealth and resources’ between Gaeltacht areas and the rest of the country (Gaeltacht Commission, 1926: 41), with some inhabitants even ‘too impoverished to avail of [Government] assistance available’ (ibid.: 43). Household income was dependent on a variety of sources including the land, fishing, seaweed, spinning, knitting, lace-making and embroidery. The Department of Fisheries of the day suggested the transfer of what few industries it ran, to private individuals – perhaps the beginnings of state support for entrepreneurial behaviour. While the ‘dole’ (unemployment assistance) was heralded as a lifeline on its introduction in 1933, there is repeated criticism of it in the literature (Comharchumann Forbartha na nOileán, 1979; Kane, 1977; Mac Aodha, 1971; S. Ó Conghaile, 1974; M. Ó Conghaile, 1988; Ó Loinsigh, 2002). Given the sheer level of poverty, it could well have offered a better standard of living than many would have aspired to from employment. Amid a 1940s peak in emigration, the Gaeltacht Services Division (GSD) was established to run the industries largely inherited from the Congested Districts Board which was disbanded in 1923. However the GSD’s work was ‘within Civil Service rule and practices . . . but a severe handicap on commercial activities’ (Boylan, 2002: 99). Many of the senior staff of the GSD were from outside the Gaeltacht, a tradition that was to continue to the early twenty-first century. Very little local entrepreneurship of any substance was evident, apart from a number of well-established merchant families. State efforts at encouraging entrepreneurial activity continued with a glasshouse scheme, described by the Minister of Agriculture of the day as ‘astonishing’ and ‘exotic’ (Dáil Debates, 1948). These were to be built in the Gaeltacht areas along the windy exposed western coast of the country, in counties Donegal, Galway and Kerry. Heat was generated by hand-won turf (or later by oil), and rainwater or well water drawn in buckets was used. Many of the local people had never seen tomatoes growing before. There was a distribution/marketing depot in each region. The scheme ultimately failed in the 1960s owing to the unattractive financial reward, the dole, insufficient training, lack of heating systems and the small inefficient size of the houses, and a particularly violent storm which ruined many of the houses, leaving owners with no sense of belief in the future of the houses (Mac Aodha, 1971; M. Ó Conghaile, 1988).

By international standards, Ireland was late in industrialising, and the Gaeltacht more so. By the late 1950s / early 1960s, electricity had been brought to most Gaeltacht areas by the national Rural Electrification Scheme (Shiel, 1984). Piped water was equally late in reaching most Gaeltacht areas, and was often installed by local co-operatives rather than by the state (as was also the norm elsewhere in the state). The Gaeltacht Services Division of the Department of Lands had inherited the rural industries established by the Congested Districts Board, but due to Civil Service work practices and regulations was
restricted in how entrepreneurial it could be (Ó Baoighealláin, 2002). Ireland’s economy was run on a protectionist basis until the Department of Finance under the stewardship of T.K. Whitaker published its *Economic Development* plan in 1958. It was in the same year that Gaeltarra Éireann commenced operations as a state-funded body to take over the remit of the Gaeltacht Services Division’s rural industries, which by then had been transferred to the recently established Department of the Gaeltacht. It was not until the Gaeltacht Industries (Amendment) Act of 1965 that Gaeltarra Éireann was permitted to grant-aid private entrepreneurs to develop ‘minor productive projects’ (Government of Ireland, 1965). By the following year the first six grants had been awarded, to six enterprises in Donegal in clothing, printing, stonecutting, fishfreezing and caravan building. Four years later, 44 grants were awarded across five of the seven Gaeltacht counties (Gaeltarra Éireann, 1966 and 1970). State support for private enterprise was developing well.

**b) Industrialisation and frustrated managers**

In 1958, shortly after the *Economic Development* Report and around the same time as the foundation of the Shannon Free Area Development Company, the government established Gaeltarra Éireann as a state body, ‘to carry on, control and manage the rural industries administered by the Department of the Gaeltacht’ (Government of Ireland, 1957). The Department had earlier taken on the management of those industries managed by the Gaeltacht Services Division. The first few annual reports give an account of the 29 rural industries under its remit (hand and machine knitting, linen, tweed, crochet and toys), the inefficiencies, the low quality of produce, the ‘fickleness’ of the market and difficulties in managing such widely dispersed production centres (Gaeltarra Éireann, 1958–1964).

These problems were not the preserve of state-run enterprises. A seaweed-processing factory (for fertilizer) in the village of An Cheathrú Rua (Carraroe) in Co Galway, founded in the late 1950s by a local teacher living in Dublin, an Electricity Supply Board employee and a local public house owner, closed within five or six years, owing to a lack of seaweed supply, despite an abundant supply within yards of the factory. A state-owned seaweed processor 25 km away bought supplies for a higher price. This building is now a semi-derelict building used by local fishermen. In most Gaeltacht areas, fishing has always been a part-time activity, along with farming and, by the 1960s, supplemented by language-based tourism. At the end of the 1960s two-thirds of men in An Cheathrú Rua were classified as farmers, compared to one-quarter nationally. One ethnographic report, commissioned by Gaeltarra Éireann, reported that, while families classified themselves as a farming family, the main household income came from the wife’s tourism and knitting activities (Kane, 1977).

In the mid-1960s, Gaeltarra itself was only providing employment for 134 people in the Co Galway Gaeltacht, or 1.14 per cent of the population aged 15–64 years (Mac Aodha, 1971). At that same time it was estimated that private enterprises provided 200 jobs, and 480 people were emigrating each year from that same area. State intervention, in the form of the dole and jobs in inefficient factories, was not exactly encouraging career development, let alone initiative and entrepreneurship.

Nevertheless it was in the late 1960s that the co-operative movement emerged, campaigning for better basic infrastructural services such as water, roads and Irish language medium health services and education. This emergence coincided with the Civil Rights
Movement in Northern Ireland and the student protests in Continental Europe. An educated generation of young adults was beginning to emerge, challenging the leadership role of the clergy and the stifling constraints of their own homes and communities. By 1977, there were eight co-operatives established in South Connemara, and, by 1988, one of them, in a particularly disadvantaged area, employed 66 full-time and 120 part-time staff (M. Ó Conghaile, 1988). By now, Gaeltarra Éireann was giving priority to co-operative projects recognising the benefits they brought to local development (Gaeltarra Éireann, 1977). General community development was fostered through the Scéim Forbartha Pobail (Community Development Scheme), which started in 1974. According to Gaeltarra Éireann’s annual report of that year, this scheme illustrated that Gaeltacht people accepted the principle of self-development. The fact that one co-operative, Comharchumann Forbartha na nOileán (the Islands Development Co-operative) based in one of the unemployment blackspots of today with a rate of over 35 per cent unemployment (CSO, 2003a), installed running water in over 700 houses in the 1970s is testimony to this (M. Ó Conghaile, 1988). By the 1970s particular schemes were established to foster entrepreneurship among the Gaeltacht people themselves, through schemes such as Scéim na dTionscal Ghaeltachta (the Gaeltacht Industries Scheme). Throughout the 1970s, Gaeltarra Éireann was involved in many rescue packages for failing enterprises, largely through investment and increased shareholding. They recognised the tensions and conflicting benefits and disadvantages of this strategy, but felt that some non-economic decisions had to be made in order to avoid demoralizing communities. Thus some unprofitable ventures continued trading (Gaeltarra Éireann, 1977).

c) Marine resources a better bet over short-lived fledgling industries

Although Mac Aodh passionately declared that ‘no industrialist in his right mind would even consider Carraroe (An Cheathrú Rua) as a location for an industry since the service infrastructure is so incredibly bad’ (1971: 30), Gaeltarra pushed ahead and developed industrial estates in Counties Cork, Donegal, Galway, Mayo and Waterford in the early to mid-1970s. In An Cheathrú Rua (Co Galway) local people were apparently unaware of the developments until work actually began on the factories (Kane, 1977). Even up to the 1990s the term ‘factory’ was often used rather than the Irish word monarcha, such was the novelty. People had never seen such a building before this. Building on a tradition in the north of Ireland in general, the Donegal Gaeltacht fared very well with textile companies, while the then chief executive’s personal contacts in Italy helped attract a small number of Italian synthetic yarn/textiles producers to the Galway Gaeltacht (Mac Gabhann, 2004), leading to the nickname Spaghetti Junction. The first few joint ventures developed in Co Kerry in the south were hotels and plant nurseries.

The best illustration of the difficulties with developing industries not based on local skills and knowledge or on local natural resources is the short-lived paper and plastic processing industries established by Gaeltarra Éireann and its successor Údarás na Gaeltachta in the An Cheathrú Rua area, the majority of which had ceased trading in less than eight years (Ní Bhrádaigh, 2003). These enterprises were primarily established by outside organisations, rather than local people, echoing the emphasis at national level on attracting foreign direct investment. It is hard to imagine that there was any strategic long-term plan for these enterprises, other than job provision. However job provision was essential given that, at the time, the unemployment rate in that Electoral Division (An
d) Closer relationship with local population

In response to political agitation about a continued lack of basic infrastructure, and lack of local involvement in decision making, Gaeltarra Éireann, which initially had its headquarters outside the Gaeltacht, in Dublin, was disbanded in 1979 and Údarás na Gaeltachta (The Gaeltacht Authority) took its place in January 1980. The board of Údarás comprised six government appointees and seven locally elected representatives. Its remit was broader than that of Gaeltarra Éireann, also encompassing the social and linguistic development of the region. The board reviewed the enterprises it had inherited from Gaeltarra Éireann and, in 1982, divested itself of no fewer than 20 unprofitable companies, and concentrated on new ventures, and on maintaining employment. Regional managers were appointed in order to create a closer relationship with local communities, and to concentrate on small start-ups, in particular indigenous industries and those based on natural resources. ‘Start your own Business’ and ‘Management Development’ courses were aimed at native Irish-speaking potential entrepreneurs and potential managers from the Gaeltacht itself. However the board felt that the national embargo on employment in the civil services affected its Gaeltacht Industries project in particular (Údarás na Gaeltachta, 1982), as did the ending of the advantages it enjoyed over other industrial development agencies in the rest of the country in terms of the grant-aid it could award (Údarás na Gaeltachta, 1986). Clár na Míontionscal (The Small Industries Programme) was the main vehicle for fostering Gaeltacht entrepreneurship. Although 1688 people were employed through this scheme by 1986, it was noted that some Gaeltacht areas had such small populations that there was a limit to the amount of business knowledge and skills one could expect to be present in the community, and in the meantime skills and qualifications would have to be developed, or brought in from outside (Údarás na Gaeltachta, 1986).

In the mid 1980s, Údarás na Gaeltachta noted that one of the difficulties it had in acquiring European Community grant aid was in convincing the Community of just how underdeveloped certain Gaeltacht areas were. Its statements at that time that up to 70 per cent of new jobs in developed countries were in the ITC sector and that at the same time around 70 per cent of employment in the Gaeltacht was in agriculture, probably illustrates this point well. At that time Údarás itself was leasing some of its bog landholdings to a co-operative and to individual turf-cutters (ibid.).

In the late 1980s, a more strategic approach was developing within Údarás, with strategic plans for the mariculture and ICT sectors, and increased emphasis on the local and national economic benefits which would accrue from new ventures. And, while recognizing that state agencies have responsibilities to the taxpayer, it felt it would also have to be innovative in ways which private enterprise perhaps would not be able or willing to be. Entrepreneurs seeking funding were also ‘required to carry a greater part of the risk’ (Údarás na Gaeltachta, 1988: 4).

e) No takers for the jobs available

By 1996, Údarás had increased its influence on the Gaeltacht population, having supported the full-time employment of 21.93 per cent of the 33,928 persons in the Gaeltacht.
labour force at the time (CSO, 1996; Údarás na Gaeltachta, 1996). The national economy was growing and the Celtic Cub was fast becoming a Tiger. In response to the re-emerging recruitment problems, Údarás tried to attract Gaeltacht emigrants home. Development plans were delayed through lack of staff, yet unemployment rates in some Gaeltacht areas are still over three times the national average (CSO, 2003a). An Economic and Social Research Institute research project commissioned by Údarás, revealed that there was a growing gap between job opportunities, skills sets and the aspirations Gaeltacht people had for jobs in the modern services sectors. In response to the high level of outward migration of young people, especially graduates (Watson and Fahy, 1998), Údarás began shifting its attentions to the development of a better social, recreational and entertainment infrastructure, in efforts to stem the migration of young people. It also refocused on the more peripheral areas, which had been relatively neglected while the more populated areas were benefiting from sustained growth. However, amid all this growth, there were just under 1000 jobs lost in the traditional manufacturing sectors of textiles, plastics and rubber, highlighting how vulnerable the Gaeltacht was to the shift of manufacturing to low-cost locations. There was a need for more value-added industries with highly skilled workers. By 1995, Údarás remarked that, in supporting nearly 4000 part-time jobs, primarily in shellfish production, they were playing an important role in preventing emigration.

As regards grant-aid, Údarás’s level of grant-aid declined to an average of 40 per cent of qualifying project costs, in line with government policy in the early to mid-1990s and, by the year 2000, it was restricted to awarding the same level of grant-aid as its counterparts in the rest of the country, thus ending the favour with which Gaeltacht enterprises had been treated.

5 Three caselets
a) Marine resources

Based on a longstanding tradition of fishing, in the 1970s Gaeltarra Éireann was the first to introduce fish-farming to Ireland and at present the Gaeltacht still accounts for a substantial part of the fishing industry in Ireland. The second largest port in Ireland in terms of the tonnage and value of sea fish landings is Ros a’Mhíl (Rosaveel) in Co Galway (CSO, 2003b). However the chief executive of Gaeltarra in the 1970s, Cathal Mac Gabhann, maintained that the industry as a whole throughout Ireland has not developed as well as it could have, compared to other Western European countries such as Norway and Spain, partly because of planning constraints and objections to developments, on grounds such as pollution and farming in tourist areas (Mac Gabhann, 2004). Údarás itself also noted the concerns and problems regarding pollution (Údarás na Gaeltachta, 1989). It could also be due to lack of quotas negotiated by the Irish government on joining the EEC and a weak tradition of education and the absence in the fishing community of as effective a lobby group as the farming community has traditionally had in Ireland. The latter two reasons were suggested by the chair of the Enterprise Strategy Group as reasons the sector was not represented adequately in its report (O’Driscoll, 2005).

By the 1980s, Údarás na Gaeltachta was strategically developing industries in every stage of the marine resources value-added chain, including fish farming, research and development, processing, marketing and associated industries such as production of fishing nets and lobster pots, boatbuilding, feed production, veterinary services and transportation. The
long-established pattern of part-time fishing was accommodated through schemes to encourage part-time fishermen to be satellite producers for salmon farms which already existed. In the Galway Gaeltacht alone, co-operative projects employed 300 part-time fishermen in the intense farming of oysters, mussels and other shellfish. Oyster farming was seen as particularly suitable for community and local participation. In 1986, ‘up to 70 per cent’ of the farmed salmon in the state was from Gaeltacht farms, but the figure had fallen to 36 per cent by 1994, as the Gaeltacht lost its market lead to the rest of the country (Údarás na Gaeltachta, 1986 and 1994). Yet, at the same time, Údarás felt that the Galway Gaeltacht could well become the hub of the Irish salmon farming industry.

Údarás’s commitment to innovation and risk is evidenced by its early investment in a relatively new industry. The first-ever submersible salmon farming cage, and first-ever cage system for oceanic conditions, were used off the Galway Gaeltacht shore. The government’s decision to establish the National Institute for Marine Research in Galway city and the close proximity of the National University of Ireland, Galway (NUIG) in the city also contributed to the integrated systems-based development of this sector. Cooperatives established by local fishermen worked alongside national state research agencies. By 1995, over 50 per cent of seasonal and 15 per cent of full-time jobs supported by Údarás were in the fish-farming and shellfish production sectors. Many of these jobs were in the remoter areas where the language was strongest, providing a key to the original aim of Údarás, namely the preservation and development of Irish language communities. By 2001, the Irish Seafood Producers Group Ltd, based in one of the unemployment blackspots in the country with a rate of 35 per cent, Leitir Móir in County Galway, represented both Gaeltacht and non-Gaeltacht firms and accounted for 75 per cent of all salmon exports in the state (Údarás na Gaeltachta, 2001). However, while the marine sector is viewed as providing much development opportunity, it is a fragmented sector lacking a coherent national level strategy (Enterprise Strategy Group, 2004).

b) Audio-visual sector

Irish-medium broadcast media have a relatively short history in Ireland. Raidió na Gaeltachta (the Gaeltacht Radio) was established in 1972 as a result of much community campaigning. In 1987 a pirate television station broadcast briefly in County Galway. Two years later a joint venture between Údarás and the national television company (RTÉ) established a television programme production and post-production facility in County Galway, sowing the seeds in preparation for state investment in an Irish language television station. It was nine years later that the national Irish language public service television broadcasting station Teilifís na Gaeilge (now TG4) was established in the Galway Gaeltacht. By then there were more than 20 independent audiovisual production enterprises in the Gaeltacht, employing nearly 100 people. TG4 has played a very strong role in improving the image and usage of Irish both within and outside the Gaeltacht. However the high hopes for this industry sector have been tempered by the difficulties the sector is now experiencing. There are now only a small number of independent production companies which can employ staff on a continuous basis rather than on project-based contracts. There are fewer than 40 Gaeltacht-based companies in the sector, employing 220 people full-time and 90 full-time equivalents, with an estimated reduction of 30 per cent in employment from 2001 to 2004 (Screen Producers Ireland, 2004). Some of the firms have expanded into English language programmes to supplement the production of
Irish language programmes which ultimately depend on TG4’s programming budget, but while many do not have the critical mass of human or financial resources to expand internationally, the industry has a good track record of national and international awards. However the social and linguistic benefits of the sector may well be more important a yardstick than turnover and jobs created, as young people have Irish-speaking role models which once did not exist.

c) Community development

The community / co-operative sector, which has played a pivotal role in the development of the Gaeltacht, emerged largely out of the civil rights campaigns of the 1960s which sowed the seeds for the establishment of the radio and television stations and of Údarás – the only directly democratically elected regional authority in the state. The government improved the level of democracy by increasing the number of democratically elected board members from seven to 17 in 1999, and Údarás itself established regional committees so that local communities would be even more involved in its work. Three regional committees (loosely north, west and southwest) have the power to decide on cumulative grant-aid of up to €317 435. In addition to this decentralised decision making, there are now 27 co-operative and community-based companies operating in the Gaeltacht (Údarás na Gaeltachta, 2004a), in projects ranging from fishing to education, to tourism, to information technology. Many of these (and other non-community-based) projects have benefited from substantial EU funding. Over 40 different EU funding schemes are mentioned in the Údarás annual reports for the 1990s. One particularly relevant project, established in 1992, is Meitheal Forbartha na Gaeltachta (loosely translated as the Gaeltacht Development Work Team) set up under the EU LEADER programme in local rural development. The word Meitheal has strong socio-cultural meaning, referring to the original concept of sharing labour at peak times when a group would work as a team harvesting each member’s crops in rotation. This community-led project, encourages bottom-up entrepreneurship mainly in rural tourism, small crafts, and language and culture projects.

6 The Irish language – the only reason for special treatment

The Irish language is the sole reason that the Gaeltacht areas are treated any differently. However, from the very beginning, any efforts at industrialisation or economic development threatened that which it sought to preserve or develop – the language itself. Much of the assistance was from outsiders, many without the language. In his account of his work with the Congested Districts Board in the 1890s, Micks noted during one of his visits to a part of what is now the Galway Gaeltacht how local people’s demeanour went from a warm animated welcome for the Board’s Irish-speaking instructor to ‘comparatively wooden and stolid’ once she turned to speak to him in English (1925: 94). He recognised that the ‘right and only course for reformation’ was to employ Irish-speaking trainers and advisors who could advise the local people ‘in their own language with tact and kindliness and without the idea of “superiority” suggested to these remote people by the use of the English language’ (ibid.). However matters were not much better over 50 years later when the first annual report of Gaeltarra Éireann reported that most of the work of the Board was conducted through the medium of Irish (1959). It also had difficulty employing suitably qualified Irish-speaking staff, and those whom they chose to
train in specialist skills often had to travel abroad for the relevant training, thus reinforcing the need to speak English for any career advancement. In the late 1960s, the Board recognised that perhaps its socio-economic aims would be in conflict with its linguistic aims. Thus the traditional link between the Irish language and peripherality, underdevelopment, and the English language with development, advancement, technical skills, technology, management and the market was perpetuated. Most of the managers appointed by Gaeltarra itself in the 1970s were from outside the Gaeltacht. Up to the early 2000s, many of those staff were still in senior positions. Ironically, in 1980 (the year Údarás was established), it was the understanding of the then Minister of the Gaeltacht that Gaeltarra/Údarás representation on boards of companies it assisted was for the purpose of ensuring Irish speakers would be given a preferential place, and that the Irish language would be promoted in the enterprise, rather than for the benefit of providing business or management advice (Údarás na Gaeltachta, 1980).

By the 1970s, language projects were established in Gaeltarra-supported industries, and in Gaeltacht communities in general, and there was a better understanding emerging of its importance. Nevertheless many would still see a clear relationship between industrialisation and the loss of the language. Ó Cinnéide et al.’s research found that use of Irish was more prevalent in more traditional factories than in high-technology factories (1985). Others, including Údarás executives, would view the language of a factory as reflecting that of the surrounding community. It took another generation before Údarás committed itself to the strategic development of language-based enterprises, and its 2004–09 Development Strategy now allocates 20 per cent of capital expenditure to language-based projects. It is ironic, however, that the same development strategy includes a focus on services such as call centres, where the very skill required is the English language (Údarás na Gaeltachta, 2004a).

7 Gaeltacht and national enterprise policy

Údarás na Gaeltachta’s remit is the social, cultural and economic development of the Gaeltacht. It is thus more akin to a regional authority than an enterprise development board. As regards enterprise development it mirrors the functions of Enterprise Ireland and the County Enterprise Boards in the rest of the state. Enterprise Ireland primarily supports the establishment of High Potential Start-Ups, defined as ‘likely to achieve significant growth in three years (sales of €1.3m. per annum and employment of 10)’ and ‘based on technological innovation’ (www.enterprise-ireland.com). The County Enterprise Boards’ remit is to develop local small-scale enterprises (with fewer than ten employees), and they are restricted in the amount of funding they can grant. IDA Ireland’s remit is the attraction of foreign direct investment to Ireland, and Údarás works through them in attracting foreign investment to the Gaeltacht. Thus Údarás is a specialist in terms of the Gaeltacht, but very much a generalist organisation in terms of its social, cultural and economic responsibilities. Údarás is under the remit of the Department of Community, Rural and Gaeltacht Affairs, whereas the three agencies mentioned above are under the remit of the Department of Enterprise, Trade and Employment. Judging from its lack of representation on the various enterprise strategy groups commissioned by the government since the Telesis report of 1982, and actual omission of Gaeltacht data from the Review of Industrial Performance and Policy (Department of Enterprise, Trade and Employment, 2003), it seems that Údarás has not
had more than a peripheral role in the formulation of the Government’s various policies or in the debate and development of thought on enterprise development at a national level (Ní Bhrádaigh, 2004b). It is surprising and disappointing to note that the body charged with the development of enterprise in the Gaeltacht does not seem to be integrated into central enterprise development policy debate. Of the 230+ people in the Enterprise Strategy Group and its 14 Advisory Groups there was not one representative from Údarás na Gaeltachta (Enterprise Strategy Group, 2004). This is more a case of self-imposed peripherality for an area already peripheral and marginal in so many ways.

8 In search of potential entrepreneurs

Skills base in entrepreneurship, business and management

In trying to explain the lack of economic growth in the Irish economy throughout most of the twentieth century, economists, historians and political scientists have pointed to a wide range of contributory factors, including a lack of entrepreneurial spirit, lack of reward for risk taking, a lack of appreciation of the importance of scientific or technical education, a lack of confidence and the power of the Catholic Church (Garvin, 2004; Lee, 1989; Ó Gráda, 1997). However, despite the opening of the economy in the late 1950s and increased levels of investment in education in the 1960s through the introduction of free second level education, industry and indigenous industry in particular was beset by poor management skills. This weakness appears repeatedly in state-commissioned reports from an IDA survey of business in the Undeveloped Areas (1967) to the 1982 Telesis report (National Economic and Social Council) to the Culliton report (Industrial Policy Review Group, 1992) right up to the present day (Enterprise Strategy Group, 2004). The Gaeltacht was no different, except perhaps in the extreme absence of the necessary skills, education and wealth, coupled with a mismatch between employment opportunities and employment aspirations.

Throughout their existence both Gaeltarra Éireann and Údarás have provided various apprentice and training schemes, including trade and industrial skills, audiovisual skills, ICT, management, Irish language, translation, tourism and community development. Yet at times when unemployment rates were relatively high, it had recruitment difficulties. The pressures of administering a region scattered over seven counties had an impact on senior and middle management in Gaeltarra Éireann, which reported in its 1977 annual report a high turnover of management due to the additional pressures of much travel. A decade later, Údarás had difficulty filling its Management Development Programme and reported a low take-up of its trainee accountant scholarships, despite employer demand (Údarás na Gaeltachta, 1989). In the same year, Údarás noted a volatile labour market as ‘members of the unemployed labour market move continuously into and out of the area’ (1989: 33). This echoed the recruitment problems experienced by Gaeltarra Éireann firms in the late 1960s, when frustrated Gaeltacht knitwear factory managers reported suffering high staff turnover despite good working conditions and pay (Kane, 1977). They reported that many staff saw the factory job as a stepping-stone to emigration, an issue never far from the Gaeltacht psyche. Much of the emigration was for psychosocial as well as economic reasons (Garvin, 2004; Lee, 1989: 377; M. Ó Conghaile, 1988). Emigration had become part of the culture, part of the psyche. Gaeltacht people were more familiar with London and Huddersfield in Britain, and Springfield, Chicago, Boston and New York in the United States, than they were with the cities of Galway or Dublin. While some respondents
indicated that they would return after a few years, repeated studies from the 1960s to the early 1980s showed a majority of school leavers intending to emigrate, even if jobs were available (Kane, 1977; M. Ó Conghaile, 1988). It could be that those with the entrepreneurial potential stifled by the lack of social facilities were the most likely to emigrate.

9 Conclusions and further research
Some things never change, one might think. The Gaeltacht has had over a century of selective public policy initiatives, from the CDB of the late nineteenth century to Údarás na Gaeltachta in the early twenty-first-century. While many Gaeltacht residents are now employed in high-technology industries, the pattern of self-employment and multiple sources of income still exists in pockets, and has not developed into a pattern of strong successful indigenous entrepreneurial organizations. Industries which showed promise in the early twentieth century, such as fishing, tourism and textiles, have developed to varying degrees of success. Illegal distillation of alcoholic spirit was thriving in the late nineteenth century and showed much potential, as reported by the first Secretary of the Congested Districts Board. Micks noted that ‘the value of illicit spirit and of materials and apparatus used in its production, seized by the Revenue Police in the 12 months ending 11 August 1892’ in three Electoral Divisions in South Connemara (Co Galway) was over £724 (€88 604 in 2006 value) (Micks, 1898). It is a pity the political or social will to develop the industry was absent, compared to other countries such as Austria, France and Italy, where micro distilleries operate successfully. The large distilleries in Dublin proved to have been a strong lobby (Ó hAoláin, 2006).

The tourism industry was greatly supported, particularly from the 1970s to 1990s, through house improvement grants and subsidisation of Irish summer courses (similar to teenager summer camps). In recent years a wide range of community-led festivals has made an effort to develop more activity- and language-based cultural tourism. The most developed tourism base is An Daingean (Dingle) in Co Kerry, where the level of regular Irish language usage (that is, daily or weekly) at 31.78 per cent, and of Irish-speaking in general at 57.99 per cent, is lower than the Gaeltacht averages of 69.03 per cent and 44.97 per cent respectively (CSO, 2004). Unfortunately the Údarás subsidiary, Gaelsaoire (Gaelic Holidays) appears to have until recently had a general mass-market strategy with most of its documentation available solely or primarily in English, rather than a specific specialist cultural/language-based niche strategy. Gaelsaoire’s strategy (currently being revised) in a way contradicted the statutory linguistic obligations of its parent company, Údarás na Gaeltachta.

It is common in rural areas for many of the entrepreneurs to be incomers, which raises the linguistic issue in the case of the Gaeltacht, given the high level of outside intervention for over a century. There were letters of complaint in the Connacht Tribune in 1925 about how few Gaeltacht people were appointed to the then Gaeltacht Commission. Some 80 years later there was still a situation where only 50 per cent of senior or middle managers in Údarás-funded enterprises were fluent in Irish (Údarás na Gaeltachta, 2001). While 69.02 per cent of the Gaeltacht population over the age of 19 can speak Irish, only 40.16 per cent of that age group speaks it on a daily/weekly basis. Thus the linguistic profile of managers is not vastly different from the population at large. Many of the senior staff of Údarás are still incomers to the Gaeltacht, many of them in their positions for up to 20 years. Recruitment to senior positions is still based primarily on internal promotions rather
than open competition, a practice also still used in the other national enterprise development agencies such as Enterprise Ireland and Forfás. This is despite the undertakings of the national Sustaining Progress social partnership agreement (Department of the Taoiseach, 2003). Given the lack of mobility into and out of the organisation, it is difficult to see how it can be particularly innovative or entrepreneurial. Údarás support now accounts for 19.70 per cent of full-time jobs in the Gaeltacht workforce, or 30.11 per cent including part-time jobs. This is slightly less than in the mid-1990s, indicating perhaps that there is more commuting to jobs outside the Gaeltacht, especially to Galway city and the town of Tralee in County Kerry, or an increase in entrepreneurial behaviour and job creation independently of this state organisation. While Údarás still continues to provide advance factory space, soft supports such as training and advice are provided in a piecemeal operational manner, rather than through the development of an integrated research-based strategy.

While linguistic and socio-cultural development is part of Údarás’s remit, until recently it concentrated much of its effort on economic development (Mallaghan, 2002). In the last two years, it has addressed in a more strategic manner its linguistic and socio-cultural remit. One of the main challenges at present is to attract highly educated people back into the area. Education was long seen as a way for the more able to leave the area, or emigrate. Despite much-improved employment opportunities, the ‘brain drain’ has continued, perhaps more owing to socio-cultural factors such as an absence of social/cultural services not normally available in any rural area, let alone in peripheral rural areas. Given the severe disadvantage of the area over the years, compounded by high emigration rates, it is hardly surprising that an entrepreneurial spirit is taking so long to emerge. The industries not based on local natural physical and social resources did not flourish, either with foreign or with Irish (whether local or from outside the Gaeltacht) investment. The 35–44 years age group is the group most likely to establish new enterprises in Ireland (Fitzsimons and O’Gorman, 2005), which for many is an age converging with starting a family and settling down. This age group is not only important for enterprise development but also for the transmission of the language to the next generation. Concentrating on this age group provides an answer to the economic and linguistic aims of Údarás.

Údarás na Gaeltachta is not within the remit of the same government department as the other enterprise development agencies, but by the same token it has much wider development responsibilities than those agencies. For example, it has the operational responsibilities of Bord Iascaigh Mhara (The Irish Sea Fisheries Board) and works in conjunction with Fáilte Ireland (the National Tourism Development Authority). While having the disadvantage of not being closely integrated into the network of enterprise development and being insufficiently specialised to deal with each of the wide range of issues under its remit, it has the benefit of integrated ‘joined up’ policy design and implementation for a particular region. Analysis of the success of the Tennessee Valley Authority (TVA) in developing a marginalised region (Selznick, 1980) could provide an interesting policy model. Given this opportunity for integrated policy design and implementation, Údarás is in an ideal situation to develop an entrepreneurial system (Spilling, 1996) and to challenge the assumption that all industrial development is to the detriment of the language. The marine sector, for example, is concentrated in some of the areas where the language is strongest and, given the high-end skills base required to develop the value-added part of the sector to complement primary production and initial processing, it could well provide much of the type of employment suitable for highly qualified people with a
fluency in the language. At present only around 10 per cent of the fish caught in Gaeltacht waters is processed beyond primary processing within the Gaeltacht.

The shakeout currently occurring in the audiovisual sector (Screen Producers Ireland, 2004) raises the issue of how sustainable the language-based sector will ever be, considering that this sector will always be more state-dependent than those sectors responding to larger target markets. Those companies in the audiovisual sector which are able to develop a strategy beyond the Irish language market will survive better. A small cadre of Gaeltacht entrepreneurs has begun to emerge, mainly in this sector, but also in the bottom-up co-operative sector which emerged in the late 1960s with the aim of improving the basic infrastructure. This sector is seen as having had a positive impact on entrepreneurial behaviour and it still holds a key position in developing many of the Gaeltacht communities through their provision of social, cultural and educational services. Many of the leaders in this sector would have a high socio-cultural/linguistic capital and high levels of formal education, probably more than the group of highly successful builders and tradesmen in the construction sector who have returned from emigration to their native areas. Unfortunately little seems to have been done to engage these latter entrepreneurs in the strategic development of their communities.

The Gaeltacht was perhaps an extreme microcosm of the weaknesses at national level. Echoing Lee's opinions on the influence of language loss on economic development (1989), the former CEO of Gaeltarra Éireann, Cathal Mac Gabhann, felt that the slow economic development of the Irish economy was partly due to the fact that the majority language was English. It was only on joining the European Economic Community that Irish civil servants emerged from the historical influence of the British, and eventually looked beyond these closest neighbours to the European Continent and discovered other ways and means of development. Having another language other than English might have hastened the pace of developing economic and cultural independence from Britain (Mac Gabhann, 2004). Thanks to the fact that the Irish language is a compulsory subject in the Irish school system at primary and secondary level, there was a particular requirement nationwide for Irish-speaking teachers (Garvin, 2004; Kelly, 2002). There was a long tradition of Gaeltacht people attending teacher training colleges and joining the Civil Service, which also required Irish speakers. This perhaps diverted some of the more able people towards teaching and the Civil Service rather than more entrepreneurial business-related careers, thus reducing the pool of potential entrepreneurs.

It is interesting to note that one century after the existence of the Congested Districts Board, when farmers and fishermen on small incomes were able to supplement those incomes through maintenance of piers and roads, a Rural Social Scheme announced in late 2004 offered ‘an extra income for farmers and fishermen on a small income’ through projects such as the ‘maintenance of local piers’ and ‘maintenance of local bog roads’ (Údarás na Gaeltachta, 2004b). How little has changed in some ways! Fruitful avenues of research include community-based civic and public entrepreneurship associated with the natural, socio-cultural and linguistic resources of the community, and comparison with other linguistic minority groups world wide.

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Notes

1. The 2004 Official Placenames Act decrees that the Irish name for townlands, villages, electoral divisions and so on is the sole official name. In this chapter, the Irish names are used with the English translation in brackets after the first use of the name.

2. Taoiseach is the Irish word for leader/chief. In modern Ireland the Taoiseach is the equivalent of a Prime Minister.

3. This would be a case of history going full circle, given that, in its early years, the TVA itself looked to the Irish government’s 1920s development of the Ardnacrusha electricity power station on the Shannon river (Garvin, 2004).

4. See, for example, seafood meals (www.ispg.ie) and seaweed-based cosmetics (www.rinamara.com).

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Introduction

The claim that ‘entrepreneurship is the art of being different’ (Steyaert, 1997: 19) gives an important reason why ethnic minority entrepreneurs should hold on to their characteristic ways and why research should acknowledge the value of existing differences. Knowledge from mainstream entrepreneurship research should be applied with care, and with the purpose of better understanding distinct characteristics of minority entrepreneurship rather than as a guide to entrepreneurial activity. This chapter focuses on self-employment and entrepreneurial activity among reindeer herders in the Sámi minority in Norway. Environmental conditions in reindeer husbandry and cultural elements in the Sámi culture may have an impact on the way entrepreneurship is performed. In general, knowledge from ethnic minority entrepreneurship may add to present debates on the scope of entrepreneurship research. In particular, studies of minority entrepreneurship may provide knowledge to entrepreneurship as a multi-discursive construction, as suggested by Steyaert and Katz (2004). The variation in entrepreneurial activity caused by different cultural and social processes can only be appreciated if such dimensions are conceptualized as interactive factors in the entrepreneurial process. From an empirical point of view, the process of change in the reindeer husbandry industry, from a traditional self-subsistence activity to an industry serving modern markets, has been addressed by social sciences such as anthropology and resource economics. While the entrepreneurship perspective seems pertinent to addressing industrial change, it is a perspective rarely adopted in previous literature on reindeer husbandry.

The Sámi are an aboriginal people whose ethnicity origin derived from early inhabitants in the area that lived on hunting and fishing. Naturally, self-employment in the way of self-subsistence became the way to maintain a living. Later, as other ethnic groups entered the area, barter between groups became the beginning of what developed into trade, interaction and, finally, integration with a larger community. Only in the last century has this development provided real wage-job opportunities outside the reindeer herding community (Berg, 2000). Today only a smaller fraction of the Sámi population is occupied with reindeer husbandry. Still, reindeer husbandry provides the basis for carrying on traditional Sámi culture. This function of the traditional industry is important to the Sámi people in general, but to reindeer herders the business also has to provide sufficient income. Hence it becomes important to combine continued self-employment in traditional reindeer husbandry with changes and new business creation that can improve the economic outcome, while also maintaining the cultural heritage. This dualism between Sámi culture and reindeer husbandry gives important premises for entrepreneurial activity. In this context, the chapter attempts to increase the understanding of the way actors in the reindeer husbandry industry adapt to modern markets so as to maintain cultural values. Applying an entrepreneurship perspective, the focus is on the way cultural elements interact with the entrepreneurial activity undertaken by individual reindeer.
In particular, the possible effects of a collective orientation found to be present in Sámi culture is studied.

**Reindeer husbandry and Sámi culture**

The Sámi are a minority of aboriginal people that historically have lived on natural resources in northern Norway, Sweden and Finland (the Fenno-Scandinavian peninsula), and on the Kola peninsula in Russia. Historians throughout the last 150 years have tried to establish the historic pattern to show who were the first inhabitants in the area. Hansen et al. (2004) argue that it is appropriate to talk about a Sámi ethnic group from the end of the last millennium BC, and that the distinction of an ethnic group was formed as a consequence of contact and interaction with others. Hætta (1994) writes that Norwegians migrated to Nordland from western Norway in the first two to three centuries and slowly expanded northwards to the west coast of the northernmost county, Finnmark, at the end of the millennium. From the fourteenth century a new wave of Norwegian immigrants settled on the coast of Finnmark and all the way to the Kola peninsula. This caused increased interaction between Sámi people and Norwegians. The Sámi people have since been treated as a minority and through the years they have been subject to varying attitudes and government policies from the Norwegian state. The special situation applicable to indigenous people has been denoted the ‘Fourth World’ (Dyck, 1991). Minorities of aboriginal people are destined to stay a minority within a nation-state formed by the ethnic majority. This calls for special protection from international bodies. In this respect Sámi representatives have been in the forefront in international forums like the UN to gain legal protection and political rights for aboriginal peoples around the world. An example is The Permanent Forum on Indigenous Issues under the UN that was initiated by Sámi representatives (Burmeister Hicks, 2000). The Sámi people also have special protection from international treaties like the ILO convention number 169 regarding aboriginal peoples.

Today, the Sámi population has about 50 000 inhabitants in Fenno-Scandinavia and on the Kola peninsula. About half of this population live in Norway (Hætta, 1994). In most areas the Sámi are a minority vis-à-vis Norwegians. An exception is the central part of Finnmark County, where the Sámi are in a majority. This is also the area with the most intensive reindeer husbandry activity. The Sámi have by legislation an exclusive right to reindeer husbandry in defined areas which make up about 40 per cent of the total land area in Norway and are located in the middle and northern part of the country. Outside this area mostly Norwegians operate reindeer husbandry, by special permission, in a few areas. In 2003, it was calculated that about 190 000 reindeer in Sámi reindeer husbandry were owned by 2800 people. About 75 per cent of this activity took place in Finnmark County. In comparison non-Sámi reindeer husbandry accounted for about 12 000 reindeer herded by five co-operatives in southern Norway. These simple figures also tell us that most Sámi in Norway have left reindeer husbandry and occupy jobs and run businesses in line with ethnic Norwegians.

From original hunting and fishing activities the Sámi developed reindeer husbandry as an important and well-adapted way of living. Domesticated reindeer provided food, shelter, clothing, tools and so on. Hence the Sámi culture became closely tied to reindeer husbandry as an occupation and a way of life. To the almost 3000 people still occupied with reindeer husbandry this occupation remains a fundamental basis for livelihood and
cultural particularity. For many others with Sámi ethnicity, reindeer husbandry is an important part of their roots and cultural heritage, which provide an identity as Sámi.

In common with many other aboriginal peoples around the world, natural land resources are essential to the traditional way of life among the Sámi people. Reindeer pastures are renewable resources, but also limited. Sustainable management and use of the pastures is therefore a key to sustaining Sámi culture through reindeer husbandry. None of the reindeer pastures are cultivated. They are reproduced by natural means, and the botanical content and productive capacity varies across different regions. The herding practices are adapted to climate conditions and the productive resources. Historically the reindeer herding families had a nomadic lifestyle and followed their herd during seasonal migrations. Although most reindeer herders today live in permanent homes, the herd is still moved between seasonal pastures. For instance, in Finnmark County, where the density of reindeer is largest, the natural cycle is to move from winter pastures on the inland plateau to summer pastures on the coast. Reindeer pastures are not privately owned, nor is there open access.

Historically the management and use of the pastures were controlled by local and informal institutions. An important institution in this regard is the siida. This is the traditional herding unit consisting of several families and their herds. ‘The siida is an ancient Sámi community system within a designated area. It could also be defined as a working partnership where the members had individual rights to resources but helped each other with the management of the herds, the hunting and fishing’ (Jernsletten and Klokov, 2002: 88). An important property of the siida is the flexibility in size during seasonal migration: ‘individual families are likely to group and regroup in different siida formations in the course of the pastoral year as the owners find optimal’ (Paine, 1994: 14). According to husbandry activities and pasture conditions, families gather in a large siida or disintegrate into smaller fractions. As an institution for managing natural resources and herding practices the way of decision making in the siida is important. In a historic perspective Odner writes that ‘A distinctive feature of the siida as an institution was its corporate and cooperative nature’ (1991: 371). By necessity the families had to agree on how to utilize pastures and how to manage everyday work with the common herd. The cooperative nature of the siida implies a collective orientation embedded in the culture. A consequence may be that individual reindeer herders seek to obtain community acceptance rather than pursuing short-term self-interests. However, in the long run, individual and community interests will be more consistent.

This historical, natural and cultural landscape in which Sámi people live and undertake their reindeer husbandry business makes a strong contextual framework that itself has a conservative effect on change in the industry. Still major changes have occurred, not least during the last few decades. The driving force of individuals, together with opportunities made possible by new technology, as well as increased integration with the larger Norwegian community, has led the reindeer husbandry industry into a modern market economy. In the next section we will look into the modernization process and address the difficulties in adapting reindeer husbandry to modern markets while simultaneously maintaining and sustaining cultural values.

Modernization in reindeer husbandry

From being an aboriginal people more or less isolated from contact with other ethnic groups, to today’s situation with a strong although not full integration between Sámi and
Norwegians, a quite radical development has occurred. In this process the Sámi always were the minority while the Norwegians were the majority. This has clearly had an impact on the process. Berg (2000) has written the history of change in reindeer husbandry in a specific part of Norway during the last century. He claims that reindeer husbandry has moved through different phases of economic adaptation during this period owing to the influence of and interaction with the Norwegian majority and Norwegian legislation. The early phase was a subsistence economy that had lasted from times with no or little interaction with other ethnic groups. With more interaction with Norwegians, and then mostly farmers, a barter economy developed. The Sámi and Norwegians exchanged products, but subsistence activities were still dominating. The change towards a market economy was led by the change to a monetary economy by Norwegian farmers. As the farmers sold their products on the market the option to exchange products also faded for the reindeer herders. Later new technology became available, and especially the introduction of snowmobiles is described as a turning point when reindeer herders became in need of cash. This duality, the need for cash to purchase new technology and the ability to produce for the cash market made possible by new technology, changed reindeer herding and husbandry from a mainly subsistence economy to a market economy. As a market economy based on natural resources, Norwegian authorities viewed reindeer husbandry as an industry along with farming. In the late 1970s new legislation was passed and political regulations were introduced both to improve the reindeer herders’ economy and to secure a sustainable use of reindeer pastures. The turn of events and rationale behind this political intervention is a big issue, and one beyond the scope of this chapter. However, this development caused reindeer husbandry to move into a new phase of economic adaptation that Berg (2000) has denoted a corporate economy. Reindeer herders now have an economy from reindeer husbandry partly based on subsistence from their own herd, income from products sold in the market and income from adapting to governmental support schemes. In addition, many families also partly rely on wages from external employment.

Despite these radical changes in reindeer husbandry and Sámi lifestyle, and extensive integration between Sámi people and Norwegians, Sámi reindeer herders in general are very conscious of and true to their cultural heritage. This is also due to the increased national and international focus on minority groups and their special status. Therefore Sámi culture is an important precondition for reindeer husbandry and entrepreneurial ventures within this industry. Culture is here a conceptualisation of values and norms that is learned and internalised by individuals in a human society (Giddens, 2001). As in any society, culture can be viewed as a valuable asset to Sámi communities. Culture incorporates knowledge, it provides an identity to individuals and it is fundamental to cooperation in reindeer herding and husbandry.

A major challenge, then, is how reindeer herders through entrepreneurial activity can adapt to modern markets in ways that maintain cultural values. The difficulty in this challenge is the implicit objective of simultaneous change and preservation. Economic development and wealth creation in Sámi communities require improved and continuous adaptation to important markets. In this respect entrepreneurship is widely seen as a means to economic development. At the same time it is an objective to preserve important elements in Sámi culture because of its value from many perspectives. First, the cultural heritage has a unique value both to individuals and to the community. This should not be underestimated as it shapes the incentive structure for individual entrepreneurs as
well as the collective community’s readiness to interfere with individual entrepreneurial activity. Second, in a market perspective, a distinct Sámi culture can be marketed as a valuable attribute of products. This requires that cultural elements are recognized in the market, and a uniform cultural expression becomes easier to recognize and thus increases the value. To Sámi businesses, culture then becomes an exclusive resource that is also a source of competitive advantage to these businesses. Further, from an institutional perspective, the Sámi culture is the glue in a corporate economy as described by Berg (2000). A consistent culture makes Sámi organisations stronger when representing both the reindeer husbandry industry and the Sámi people as a minority group.

As a consequence, the importance and influence of culture to entrepreneurial activity may be more apparent in Sámi reindeer husbandry compared to entrepreneurs in general. Still it seems important to promote entrepreneurship in order to enhance economic development. To gain a further understanding of the way Sámi culture affects entrepreneurship in reindeer husbandry, the following research question is studied in this chapter: ‘How does Sámi culture affect entrepreneurial activity and lead to change in reindeer husbandry?’

**Entrepreneurship**

Entrepreneurship as a field of research is diversified and multifaceted. There seems not to exist any clear consensus regarding its domain, although a number of attempts have been made to write a theory of entrepreneurship. For a long time entrepreneurship has been viewed as an individual ability and an art of the few. As one of the first to formulate the importance of entrepreneurship to economic development, Schumpeter (1934) stated that to practise entrepreneurship is to carry out new combinations of means of production. He explains the difficulty of the entrepreneurial task as lack of conduct. Working within the circular flow of production (that is, ubiquitous products and production methods) becomes easy or at least manageable because of the huge amount of knowledge embedded in the conduct that is more or less part of our subconsciousness. However, breaking out of the circular flow by combining means of production in new innovative ways becomes correspondingly difficult. This makes it an art of the few that possesses an extra capability to embed new knowledge into products.

This basic view of entrepreneurship has inspired researchers to examine who the entrepreneur is, how (s)he perceives new opportunities, and how the opportunities are exploited. These perspectives on entrepreneurship have been contradicted as an insufficient definition of entrepreneurship (Eckhardt and Shane, 2003; Shane and Venkataraman, 2000). The lack of emphases on the entrepreneurial opportunity and its variation was criticised. Shane and Venkataraman formulated the definition of entrepreneurship research as ‘the scholarly examination of how, by whom, and with what effects opportunities to create future goods and services are discovered, evaluated, and exploited’ (2000: 218).

The focus and understanding of entrepreneurial opportunities may also be a key to understanding the movement of entrepreneurship from an art of the few to the everydayness of entrepreneurship as proposed by Steyaert and Katz (2004). As thoroughly described by Eckhardt and Shane (2003), price in a market economy is a powerful tool to allocate resources in an optimisation-type problem, but is still insufficient to guide entrepreneurial efforts. This is so because prices reflect market consensus at any given time and given all information available to the market. An entrepreneur typically deviates in his/her
view regarding the correctness of the market consensus. The entrepreneur’s interpretation of available information leads to a different conclusion regarding the value of resources in question. The market consensus regarding price is made by beliefs and actions taken by all actors in the particular market. It creates trade when one that deviates negatively can sell to one that deviates positively in his perception of price. Market price will be settled at the well known equilibrium between supply and demand. Entrepreneurs are characterised as individuals with a misperception of price on a resource relative to market consensus. The entrepreneur can prove his perception of price to be right by applying these resources in production and gain an extra profit due to the perceived deviation in real value. This information is transferred to the market, more actors will perceive the resource to be undervalued, and its price will consequently rise. However the entrepreneur may also be proved wrong when exploiting the perceived opportunity. Now the question arises whether it is possible to quantify the discrepancy in perceived resource value that identifies an entrepreneur. Or, thinking otherwise, are all actors that deviate positively regarding the value of productive resources, and hence, purchase these resources in the market for the purpose of producing future goods and services, representing an entrepreneurial force that drives economic efficiency by incremental steps or by radical leaps? Is this how the everydayness of entrepreneurship can be understood?

This proposition still conforms to the economic discourse, but it is also claimed that ‘Social and civic entrepreneurs are just as important as those working directly in a market context’ (Giddens, 2000: 75, cited in Steyaert and Katz, 2004). The creativity and drive towards change is present in all forms of entrepreneurship, just as a discrepancy in beliefs away from market consensus or social consensus is present in all entrepreneurs. To find these multiple forms of entrepreneurship one must, as in the economic field, look for incentives. The entrepreneur is rewarded with entrepreneurial profit in the economic field, but also social and civic entrepreneurship is spurred by the prospect of an entrepreneurial reward. This is how entrepreneurship research needs to expand beyond the economic sphere to a multidiscursive platform (Steyaert and Katz, 2004).

The increasing interest in family as an important dimension in many businesses and entrepreneurial ventures (Chua et al., 2003; Rogoff and Heck, 2003) is a further example of the way business studies are expanding and taking advantage of concepts from other research areas. Anthropology especially is claimed to be unutilised in family business studies (Stewart, 2003). Family and kinship as a basic concept in anthropology can provide useful insights also in business studies. Peredo comments that kin-based enterprises operate on the dual logic of kinship and markets and that ‘the sense of collectivity and social capital acts as an engine for continuous learning, innovation, and adaptation to market opportunities’ (2003: 399). This shows how family business studies are about to integrate the concept of family as an interactive element rather than as an exogenous factor. As suggested by Aldrich and Cliff (2003), entrepreneurship research can also benefit from taking a ‘family embeddedness perspective’.

This development and expansion in the focus of entrepreneurship research has facilitated a much improved platform for studying entrepreneurship in ethnic minority groups such as the Sámi. First, the change in focus from entrepreneurship being an art of the few, to the interpretation of the everyday creative energy that leads to development and change in an industry as also being entrepreneurship, may improve the ability to capture the entrepreneurial process in various industries and communities. Second, the movement
into other academic fields to borrow concepts in order to study the civic and social dimension in entrepreneurship allows a fuller understanding of the entrepreneurial incentive structure and multiple entrepreneurial rewards. Different ethnic communities may put different emphases on economic versus non-economic objectives, and hence a single focus on economic growth becomes insufficient. Third, to embed the social concepts of family and kinship as intertwined elements in the entrepreneurial process may be especially fruitful in studying entrepreneurship within ethnic groups that have a stronger collective orientation.

**Entrepreneurship in reindeer husbandry**

A reason to study entrepreneurship within an ethnic group is to illuminate the distinct features of the entrepreneurial process. A question is then how to conceptualise this process in order to reveal its uniqueness. The development in entrepreneurship research pointed out in the previous section calls for a broader view on entrepreneurship and its driving forces. As culture is a key to distinguishing ethnic groups and behavioural patterns, this provides a platform to understand how the collective orientation found in the Sámi culture becomes part of the entrepreneurial process.

First, the culture affects individual autonomy. A collective orientation as described in Sámi culture implies a propensity to seek consensus within a larger community. With respect to entrepreneurial ventures this moderates the degree of radical innovations. This is in line with the theoretical concept of entrepreneurs being individuals who deviate from market consensus and perceive productive resources to be undervalued in the market. This deviating perception is based on the entrepreneur’s information and interpretation of this information. An innovation typically embeds new information that is not shared in the market and, hence, the entrepreneur posits asymmetric information. However the entrepreneur has to be proved right by exploiting this information asymmetry in the market. Hence there will be uncertainty and risk involved in entrepreneurial activity. An individual entrepreneur may perceive radical business opportunities. However, if the entrepreneurial activity is to be performed by a group, it takes more to convince the whole group about radical business concepts. The larger the group is the closer it will be to market consensus, and the less radical business concepts can be agreed upon. Thus a group has a moderating effect on entrepreneurial activity in the way that incremental innovations will be more likely than radical innovations. The collective orientation in the Sámi culture has a similar effect. As a cultural property the collective orientation makes part of the environmental preconditions for entrepreneurship. Individual entrepreneurs will seek acceptance in the reindeer husbandry community for new ventures. As a consequence change will take place, with incremental steps that are agreed upon. Furthermore, as entrepreneurship and change take place by more incremental steps because of influences that move the general consensus, this also appears as a continuous process leading to better adaptation to new production and market conditions. With this lens on entrepreneurship the everydayness perspective becomes visible.

Second, as culture is internalised norms and values more or less embedded in the individuals’ sub-consciousness, Sámi entrepreneurs may act in a collective manner without further incentives. In addition to this the incentive structure may also be more explicit. The Sámi communities may have social sanctions, both positive and negative, that are explicit incentives to act in accordance with a community consensus. Dana finds that reindeer
herders ‘expressed more interest in esteem than in money’ (2004a: 12). Hence Sámi entre-
preneurs may have a different incentive structure compared, for instance, to Norwegian
entrepreneurs in general. A greater emphasis on non-economic entrepreneurial rewards
may cause these entrepreneurs to look for new ventures that are viewed as progress and ben-
eficial to the whole community instead of seeking maximum economic entrepreneurial rent.

A further consequence of such an incentive structure is that risky ventures become less
tempting. As we have seen, more radical innovations and entrepreneurial ventures involve
more risk but also a higher potential profit. This positive relationship between innova-
tiveness, risk and profit may not count for non-economic entrepreneurial rewards. A
capable herdsman may earn social esteem by taking incremental innovative steps, but may
be subject to negative social sanctions if taking radical leaps that do not reach social con-
sensus. Dana noted: ‘Sámi reindeer herders claim that they are not seeking risk and that
they create secondary enterprises to reduce existing risk’. A risk-averse orientation may be
viewed as contrary to an entrepreneurial orientation based on the view that pursuing
radical and risky ventures will promote change in an industry and increase growth. With
the focus on non-economic objectives that integrate industry and community, risk aver-
sion may not appear as contrary to entrepreneurial activity.

A third point may be related to the increased interest in the family, not only as an exoge-
nous context variable, but as an endogenous factor in entrepreneurial activity, a develop-
ment in entrepreneurship research that is promising when it comes to understanding the
role of culture in ethnic minority entrepreneurship. Suggesting a family embeddedness
perspective, Aldrich and Cliff argue that ‘people are not atomised decision-makers, but
rather, are implicated in networks of social relation’ (2003: 577). In this context, people in
Sámi reindeer herding communities can express a collective orientation and act in the
interest of the family, kinship group or even community. This intertwining between
individuals and group makes it questionable whether the individual or group is the perti-
nent unit of analysis in studies of entrepreneurial activity. In this respect the family or
kinship group may be the driving force in entrepreneurial activity.

With an entrepreneurship perspective on change in reindeer husbandry this becomes a
continuous process that changes both the industry, part of the Sámi culture and the entre-
preneurial process itself. In Figure 19.1 a conceptualisation of this research problem is
displayed. The figure displays a continuous process of change viewed from an entrepre-
neurship perspective. Reindeer husbandry and Sámi culture are not static concepts, but
have concurrently been developing over time. With culture defined as internalised norms
and values, this corresponds to what Schumpeter (1934) calls ‘conduct’ and that embeds
knowledge in the circular flow of production. Sámi culture and the production system in
reindeer husbandry thus become integrated items. Using the ‘everydayness of entrepre-
nership’ concept (Steyaert and Katz, 2004), change in course of production can be viewed
as entrepreneurship. This is change initiated by reindeer herders that tries to better adapt
to new production and market conditions. In this entrepreneurial process Sámi culture is
an influential factor. It is a starting point from which new knowledge is embedded in prod-
ucts and it forms the basis on which new ventures can be accepted and rewarded in the
social system. A culture with less individual autonomy may have a stronger impact on
entrepreneurial behaviour and, to a larger extent, be a moderating factor in entrepreneur-
ship. Eventually, as a consequence of entrepreneurial activity, reindeer husbandry will
change and new herding and husbandry practices will be adopted. As the production
system changes and new knowledge becomes commonly accepted and adopted, this will in turn be internalised as part of the Sámi culture.

This relationship between Sámi culture and reindeer husbandry, combined with an entrepreneurship perspective on industrial and societal change, forms the conceptual framework for a study of entrepreneurial activity among Sámi reindeer herders. The inclusion of culture as an endogenous factor rather than a static environmental factor facilitates a better platform for attempts to explore the characteristics of entrepreneurship in ethnic groups. In the following sections interviews and survey data from reindeer herders starting new ventures will be used to explore the entrepreneurial process among these entrepreneurs.

Qualitative methodology
Entrepreneurship research is predominately quantitative. This especially accounts for the US tradition, while the European research communities have developed broader methodological spectra (Huse and Landstrom, 1997). Steyaert (1997) calls for a rethink on methodology in entrepreneurship research and claims, by using Max Weber’s expression, ‘Verstehen’, that qualitative research should no longer be distinguished as exploratory (suggesting the follow-up by explanatory quantitative research), but be considered a full and ‘real’ alternative in entrepreneurship research. Perren and Ram (2004) argue that qualitative methods in recent years have gained acceptance in small business and entrepreneurship research communities. A domination of quantitative methods also exists in international entrepreneurship research, although a diversity of methods were also revealed (Coviello and Jones, 2002). This domain of entrepreneurship research focuses on entrepreneurial behaviour with an international orientation and compares such behaviour in multiple countries (McDougall and Oviatt, 2000). Despite the apparent similarity to this volume's comparison of ethnic entrepreneurship, the underlying assumption in international entrepreneurship research is an assimilation of entrepreneurial behaviour due to increased globalisation that creates a global marketplace for entrepreneurial firms. The assumption embodied in this volume is that entrepreneurship takes different forms among different ethnic groups around the world, where cultural differences should be the main reason for the entrepreneurial model differing. In this case the assumption is that Sámi entrepreneurs can be distinguished by their entrepreneurial motivation and entrepreneurial activities
leading to business development. When adding a cultural aspect in entrepreneurship research, this creates a complexity in the phenomenon that qualitative methods can assess more thoroughly.

This research also concentrates on the Sámi that remain in the reindeer husbandry business and therefore are more likely to have distinct characteristics as entrepreneurs, different from Norwegians as well as western entrepreneurs in general. The primary data used were collected from Sámi reindeer herders who applied for funding from the governmental support programme for value added processing in reindeer husbandry. Hence the sample is not representative of all reindeer herders, but rather a strategic sample of Sámi entrepreneurs as the programme policy is to support projects that contribute to increased value creation to the benefit of reindeer herders. This sample is chosen for a qualitative study of reindeer herders with an entrepreneurial behaviour where the objective is to understand how Sámi culture affects their behaviour rather than quantifying the entrepreneurial activity in Sámi communities. Interviewees were chosen among the 54 applicants to the support programme. It was required that all interviewees had started the project to which they had applied for funding. Telephone interviews were conducted between August and October 2003. Eight interviewees had received funding for their project while one was denied, but had still started the project. Eight interviewees were reindeer herders who initiated their project alone or together with their spouse, and one represented a co-operative of reindeer herders.

In an evaluation of the support programme, additional interviews were held with members of the steering board to the programme. The steering board consists of representatives from Sámi and reindeer herders’ organisations and representatives from the Department of Agriculture. These data represent the view of the Sámi community as well as the political environment. The programme evaluation also conducted a survey in June 2003. Descriptive statistics from the survey are used in this study to support the findings from the interviews. During the initial two years of the programme, 54 applicants, all the applicants at the time of the survey, were sent a mailed questionnaire. Thirty-five of these were granted financial support while 19 applicants were denied; 27 responses were received. Three responses were removed from applicants that were not Sámi reindeer herders. Of the 24 responses, 20 were granted support and only four were denied. Hence the main sample consists of Sámi reindeer herders that received financial support from the value added support programme. With a small and non-representative sample, only descriptive statistics will be used and reported.

Community influence on entrepreneurial activity
The coexistence and mutual dependency between reindeer husbandry and Sámi culture are stressed in literature, policy statements and in conversations with Sámi people. The objectives and criteria in the value added programme call for projects that comply with traditional reindeer husbandry practices. This point was also documented in the interviews with members of the steering board to the programme. As the members have contributed to the programme design they also agree with the programme criteria. Some members also objected that the project evaluation procedures should have put more emphasis on what is consistent with Sámi culture and less on profitability measures. This shows the strength with which the reindeer herding communities wish to promote a conservative development in reindeer husbandry with respect to Sámi culture and tradition.
A further example of the way the herding communities oppose radical innovations is the attitude towards artificial feeding and milking of the reindeer. Feeding is widely opposed by the herders because it is perceived to weaken the animals’ natural habit and ability to find food. Reindeer husbandry is perceived as distinguished from livestock farming in the way that livestock farming has moved the animals further away from their natural environment with high-yielding breeds. On the contrary, reindeer husbandry concern is about the herd’s ability to stay adapted to the natural environment, and that yield in meat production should not be increased at the expense of environmental adaptation. For the same reason, reindeer milking was opposed in the value added programme. Milking would require new herding practices and move reindeer husbandry in the direction of livestock farming, which is viewed as a threat to traditional reindeer husbandry and Sámi culture.

In the interviews, most respondents say that their objective is to use traditional processing methods and also to revitalise traditional knowledge on these methods. Still, this has to be adapted to new food safety standards within the food industry, and sometimes this hinders the use of traditional methods. Even if we also found that the interviewees emphasised the objective of increasing family income, the overall impression from the interviews is that these entrepreneurs are very conscious of acting in accordance with a traditional Sámi culture. Applicants to the programme also pointed out in the survey how their project contributed to strengthening Sámi culture. Fourteen out of 22 respondents in the survey claimed their project was of great or very great importance to strengthen Sámi culture, while six said it had only some importance and two reported little importance to strengthen Sámi culture.

The interview data also show that Sámi entrepreneurs emphasise their aim to maintain their activity within the reindeer husbandry community. The need for increased income and the prospect of increased self-employment within the family were stated as arguments for starting new ventures. Some 86 per cent of the respondents in the survey stated that the project had a great or very great significance for the reindeer herder’s economy, while 77 per cent expressed a similar significance for improving self-employment. Two interviewees pointed out that the project enabled their wives to work full-time within the reindeer husbandry. About 20 per cent of the applicants to the programme were women. With respect to the fact that women are the first to take external employment when needed, this shows that women more than men are returning to reindeer husbandry through the new projects. Also findings by Dana show that ‘self-employed Sámi people have been pulled to reindeer herding because of social conditioning, but pushed into secondary enterprises, in order to make a living without leaving Lapland’ (2004b: 13). This highlights the strong desire to stay and find self-employment opportunities within the reindeer husbandry community.

The findings also indicate that Sámi entrepreneurs included in these data have a strong focus on product and production. Although the sample data are influenced by the programme policy, findings from the interviews show that the opportunities were recognised as new production opportunities. Only one out of nine interviewees reported that a market opportunity had triggered the venture. Most projects had performed a preliminary market analysis. However, this turn of events indicates a production orientation that tends to push products into the market in the belief that there ought to be a market for the products. The evaluation report (Rønning et al., 2004) also concludes that there is a need for more marketing activities under the programme.
Implications of the entrepreneurial trajectory

These findings indicate that the culture has a relatively strong influence on Sámi entrepreneurs. This influence affects the entrepreneur in different ways that together shape the incentives for entrepreneurial activity. First, individuals to whom Sámi culture is internalised seem to perceive entrepreneurial opportunities that are in line with traditional reindeer husbandry. Thus more explicit incentives may not be needed to see entrepreneurial ventures that conform sufficiently to traditional practices. Second, the explicit expression of a collective and traditional orientation will make it less tempting to pursue radical entrepreneurial ventures that are objected to in the herding community. On the contrary, ventures based on incremental innovations that develop reindeer husbandry at a speed that can be followed by the majority of herders may bring the entrepreneur high esteem in the community. Hence we see that the incentives provided by an explicit Sámi culture are both economic and non-economic. The importance of non-economic incentives especially appears to be an issue that should be further developed in minority entrepreneurship studies. Although the findings demonstrate a collective pressure towards conformity, it should be noted that the entrepreneurial trajectory is not imposed on the entrepreneurs. Individuals adopt an entrepreneurial trajectory consciously that is based on a range of objectives. A similar setting was found by Bock (2004) among Dutch farm women who started new businesses. The family, community and industry provide a setting to which entrepreneurs adapt, but by their entrepreneurial action they also change this setting.

The collective orientation and community influence on entrepreneurial activity may also have more explicit reasons. Operation in a collective group has a historic and environmental origin in the way reindeer herding has been performed and adapted to environmental conditions. Even if markets have developed and changed reindeer husbandry from a subsistence economy to a market-based economy, the natural resource base has not changed in the same fundamental way. Therefore reindeer herding practices need to stay adapted to the natural environment also under changing market conditions. The Sámi culture that embeds knowledge on how to operate a reindeer herd under tough environmental conditions may therefore be essential to ecological sustainability. A strong culture may serve as a link to knowledge developed long ago and its moderating effect on entrepreneurial activity may serve as a mechanism that secures a sustainable development of reindeer husbandry and Sámi communities.

This moderating effect may contribute to making Sámi culture strong and sustainable. It also helps to make Sámi culture consistent and explicit, which is a precondition for exploiting the market value of the minority culture. Reindeer herders express beliefs that meat and other products from reindeer have an unexploited market potential due to its exclusive origin and as a product from an aboriginal minority culture. Very autonomous individual entrepreneurs could possibly have increased their own wealth by undertaking more radical entrepreneurial projects, but as a collective the Sámi community may lose if the unity and entirety of the Sámi culture become weakened. This market value of Sámi culture may also, in an economic sense, be the rationale behind the collective orientation and the relatively strong social pressure to conform to traditional herding practices.

Pressure towards a conservative reindeer husbandry that holds on to traditional practices was also found to be exerted by Sámi people outside reindeer husbandry (Berg, 2000). Sámi people who do not practise reindeer husbandry but act to enhance Sámi
culture are concerned that important cultural elements may fade if reindeer husbandry develops into a commercial industry where profit objectives dominate cultural values. This group of Sámi people are of course freer to express such opinions because they do not depend on reindeer husbandry for a living. This shows that reindeer husbandry does change and adapt to a new and modern environment, but also that moderating forces both inside and outside the industry slow down the process of change.

These findings are based on a small non-representative sample and a limited number of interviews, plus secondary literature, which have mostly not emphasised entrepreneurship. These are important limitations for a broader conclusion on entrepreneurship in Sámi reindeer husbandry. A further limitation is the cost-efficient use of telephone interviews. Using a qualitative methodology to gain in-depth knowledge about the entrepreneurial process would benefit from participatory research. Hence these findings need to be tried in new studies that address the cultural effects of entrepreneurship in Sámi communities.

The finding in this study that Sámi culture in fact moderates the degree of radical entrepreneurial ventures is an interesting perspective to follow in future research. If innovativeness by Sámi entrepreneurs is restrained by cultural elements, it should be asked which incentives tie individuals to a moderate entrepreneurial behaviour. Here we should look for social sanctions and ask if such sanctions are in play and, if so, which dominates, the positive or the negative. As regards entrepreneurial theory and the search for incentives to explain entrepreneurial behaviour, it is pertinent to look for positive social sanctions as a possible explanation for entrepreneurial activity. Hence succeeding studies should aim to understand the importance of non-economic entrepreneurial rewards to Sámi entrepreneurs. Also, using the emerging framework of social and civic entrepreneurship, new studies should explore how families, kinship groups or even communities can be entrepreneurial in nature. This requires that family, kinship group or community also applies as the level of analysis rather than the individual entrepreneur. A combined focus on individual entrepreneurs and the larger social groups appears as a useful approach to illuminate how entrepreneurial processes play a role in the development of reindeer husbandry and thereby Sámi reindeer herding communities.

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Note
1. The term ‘aboriginal’ versus ‘indigenous’ is discussed in Paine (1991). Here ‘aboriginal’ is noted when referring to the people as first inhabitants in the area, while ‘indigenous’ refers to a contemporary status.

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Entrepreneurship among Sámi reindeer herders


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The reindeer husbandry covers a wide range of tasks that demand a broad variety of knowledge. Therefore lots of people are involved. The tasks are often interconnected in the way that one task is dependent on the other in order to be completed. Therefore, until one task is completed, many people have been involved in the process. The reindeer Sámi have traditionally been, and are still, utilising all parts of the slaughtered reindeer. For instance, during the slaughtering, the men take care of the meat while the women skin the legs that are used for sewing shoes. Bags are also made from the hides (see Figure 20.1). However the different work tasks have not been given the same value in the official sphere. While meat production is the main interest, the work on the skin has received little attention.

In Norway today, the public view of reindeer husbandry is strongly associated with meat production, and the other useful products and work tasks are to a great degree maintained outside the public sphere. For instance, **duodji** production (Sámi handicraft) has always been a part of reindeer husbandry. Both men and women have been making **duodji**. However women are in charge of sewing clothes. For instance, women use raw material from reindeer to produce clothes, especially winter clothes. In modern times women are also producing clothes for the market. This gives additional income from the meat production.

In this chapter I will discuss some of the problems caused by the long-lasting focus on meat production, and on reindeer husbandry as a one-man job. First, I will describe the public and the official view of reindeer husbandry, and discuss how the national laws and rules affect women and their way of life as reindeer Sámi.

**Women’s position in the official sphere of reindeer husbandry**

Within reindeer herding units, women’s position has traditionally been strong, and their work crucial to the well-being of the reindeer society (see Figure 20.2). Even young women have been contributing (see Figure 20.3), but their position has weakened by factors such as legislation and state policy. The Reindeer Management Act regulates the individual rights in reindeer husbandry. A document that affects people’s economy is the annual agreement between the Norwegian state and the reindeer people’s organization called **Norgga Boazosámiid Riikkasearvi** (NBR).1

The Norwegian Reindeer Herding Act of 1978 established the **production unit** concept (driftsenhet). A person who is the owner of a production unit is a formal leader. Usually a production unit consists of many family members besides the leader, for instance a partner, children, brothers, sisters, nieces and nephews. Some 17 per cent of the production units are owned by women. The Norwegian Reindeer Herding Act was changed in 1996. Since then, spouses can jointly be the owners of a production unit. However the distribution of numbers of production units in relation to gender remains unchanged, since the statistic table of the reindeer husbandry administration only registers the name of the
person that is entered first on the *Reindeer Husbandry Report.*² This person is most often a man.

According to Henriksen (2001), the changes in the Reindeer Herding Act represent an important recognition of women’s position in the way that they are formally accepted in
the business of reindeer husbandry. However women’s access to production unit ownership has not led to noticeable improvements in the real business situation. Even though the text of the Reindeer Herding Act has improved the formal status of women, the subordination is still present in connection to important rights, as for instance in relation to taxes, rates and dues, and social insurances. Even if the Reindeer Herding Act is changed, women are in fact subordinated to their husband’s industry (ibid.: 14).

The reindeer husbandry internal organization
As mentioned earlier, reindeer husbandry covers wide-ranging tasks. The work and the responsibility areas are to a large extent divided between men and women. The reindeer husbandry communities are organized around báikedoallu and siidadoallu (see Figure 20.4).

The two main terms, báikedoallu and siidadoallu, can clarify the breadth of the reindeer husbandry organization. Mikkel Nils Sara (1998) defines báikedoallu as follows: ‘Báikedoallu refers to the performing of tasks meant to guarantee an independent existence. The household unit has to provide means for its own work and sustenance, while also having to meet work obligations within larger co-operative groups, which are called siida’ (ibid.: 55).

Siidadoallu consists of a varied number of báikedoallus that are joined together in a common pasture area (ibid.: 94). The herders of a siida work in teams, dividing the work tasks among báikedoallus. The different kinds of tasks in a siidadoallu are scheduled by members of a siida, but the labour forces are supplied by báikedoallus. Usually all members
of a bāikedoallu own their own reindeer. In principle a siidadoallu splits into smaller groups in the winter time, and the members can also be replaced by other bāikedoallus.

Affinity relations dominate the composition of siida. Both women and men can inherit siida areas through both parents. Therefore, unless a married couple already belongs to the same siida, establishing a new bāikedoallu implies change of locality for one of the partners.

The tasks of a bāikedoallu and a siidadoallu are connected, and together they form the entirety of the reindeer husbandry. Preparations for the siidadoallu are tasks in the bāikedoallu, such as providing lávvu (the traditional tent), lávvu equipment, fence equipment, food, gas oil and clothes. The work in a siidadoallu and a bāikedoallu demands a lot of human resources. Hence, if the numbers of bāikedoallu members are few, the work in the siidadoallu is affected proportionately. In the autumn, for instance, when gārddástellan (gathering the animals in a corral for branding, slaughtering or splitting the herds into smaller groups) takes place, a lot of people are needed because of the large volume of labour. The members of a siida also have to go to neighbouring siidas to čanadit (term used of separating reindeer one by one from the herd and tying them in order to take them somewhere later on. This is done for instance with reindeer found in camps where they do not belong). At the same time, other people are needed to take care of the herd. In the autumn, and also at other times during the year, the workforce moves from bāikedoallu to siidadoallu. As a result, at times a lot of work is needed in the siidadoallu, while at other times the work is concentrated in bāikedoallu. The size of a siida varies. Some siidas are big and consist of many bāikedoallus, others are small and, in a more restricted sense, the siida is the same as bāikedoallu. All the members of a small siida are then needed in the labour-intensive periods.
Women’s production

Women’s production in and contribution to the reindeer husbandry are rarely mentioned in official documents. Lots of women are dissatisfied with the official view, where identity of the person in the reindeer husbandry is strongly connected to the production units and thereby the production of meat alone. The official documents rarely mention administrative...
tasks, *duodji*, the storing and preparing of food products and materials, or the training of children in reindeer husbandry.

However, the *Reindeer Husbandry Report* stresses the importance of income subsidiary to reindeer husbandry, such as from *duodji*, hunting, fishing, berry picking and so on. The report states that all these activities are part of the reindeer husbandry economy. Therefore a correct image of the reindeer husbandry economy depends on making all activities visible. Nevertheless the statistics in the same report do not include income from the subsidiary activities that are higher than a certain amount (today, 50,000 NKR). Incomes from the subsidiary activities are excluded because of the demand by taxation authorities to deliver a separate industry report when the incomes from sale exceed this amount. In other words, women who produce and sell *duodji* for more than the amount mentioned above have to establish their own industry. Accordingly, *duodji* becomes an industry outside the reindeer husbandry.

Market-oriented meat production is a central issue in the official reindeer husbandry politics nowadays, but the focus has not always been on meat production. At the first national meeting of the Sámi people, in Norway in 1917, two different views of reindeer husbandry were expressed. On one hand, a defender of traditional reindeer milking was a famous Sámi woman. On the other hand, a man advocated the importance of meat production. Both defenders were from the southern Sámi territory. The sons of the person advocating meat production continued to support the views of their father until 1957 (Berg, 2000:177–88). It seems that the view of the two brothers and their father has dominated the official politics of reindeer husbandry. One may ask whether the situation today would have been different if the view of the reindeer milking economy had been voiced more emphatically. Traditionally women were responsible for milking. One may also ask whether women’s official status in reindeer husbandry would have been stronger today if the view advocating traditional reindeer milking had been presented more strongly.

To sum up briefly, women work both in *siidadoallu* and in *bäikedoallu*. The question is why women and their tasks are not more visible in the official image of reindeer husbandry. I find an analytical model of Barth (1994) useful in approaching the question. According to Barth, the state has to be considered as an actor, and not only as a symbol or an idea. The integration of state level, in order to analyse how rights and restrictions are allocated between different social groups, is important in order to capture significant actors. We are thus capable of conveying an image of the power represented by the state as a third actor in conflicts and processes, for instance in constructions of borders between ethnic groups. Barth’s analytical model is based on relationships between two ethnic groups as different actors and the state as a third actor. However it can be transferred to investigate the role of the state for relationships between other kinds of social groups.

According to Young (1990), social groups do not arise only from an encounter between different societies, and she asserts the following:

> Social processes also differentiate groups within a single society. The sexual division of labor, for example, has created social groups of women and men in all known societies. Members of each gender have a certain affinity with others in their group because of what they do or experience, and differentiate themselves from the other gender, even when members of each gender consider that they have much in common with members of the other, and consider that they belong to the same society. (Ibid.:43)
In accordance with Young (ibid.), Sámi women and men in the reindeer husbandry are qualified to belong to separate social groups because of the sexual division of labour. The state and the two social groups in the reindeer husbandry make the analytical model of Barth (1994) appropriate to investigate the relationships.

Reindeer husbandry considered from different levels
The analytical model of Barth (1994) is divided into three levels; micro, middle and macro. The levels are not objectively separated, but in establishing an order of a complex analysis the separation is useful. In the next turn, the different levels can illuminate their mutual relationship.

The micro analytical level directs the attention to people and the interaction between them: events and arenas of human life, the experience of self value within different kinds of relationships, and also how people select and reject different kinds of symbols in a social community. The middle level is needed in order to illustrate the processes that create a community and mobilize groups with different instruments and for different purposes. Entrepreneur activity, leadership and rhetoric are present at this level; stereotypes are established and the community is set in motion. The macro level is the final level, and consists of state politics in relation to social groups. The bureaucrats are present at this level. They allocate rights and restrictions in accordance with formal criteria. Ideologies are articulated and imposed, not least the idea of nationalism (Barth, 1994:184).

Báikedoallu and siidadoallu are main arenas at the micro level in the reindeer husbandry. I want to use those two arenas in order to show women’s position at the micro level. My empirical study is based mainly on observing and interviewing three women. The main data consist of their role and work tasks involved in báike- and siidadoallu. All three women have families with pre-school, school-aged and grown-up children. The tasks of the three women have varied according to their life situations. The variations can be divided into three main periods: firstly, before marriage; secondly, the period with small children; and finally, the period with adolescent and grown-up children. All three women took on the responsibility for báikedoallu when they got married. While the first-born children were still small, the women would allow more time for work in siidadoallu, for instance herding, migrating and building or repairing fences. When the children grew up, particularly the boys, they took over much of the women’s work in siidadoallu. The women could then have more time to organize the work in báikedoallu and prepare the work in siidadoallu. The women became administrators for other members of the báikedoallu.

None of the three women questions their crucial importance to reindeer husbandry. Nor does their own báikedoallu doubt their important role. However they are constantly faced with situations where they have to convince the other members of the siida that they are capable of carrying out work in the siidadoallu. Without mastering the tasks, a woman is not accepted as a full member of the reindeer husbandry. Thus the women are fully aware of the crucial importance of transmitting their knowledge to the children in order to make them competent in mastering most of the tasks in both báikedoallu and siidadoallu. But how is women’s work accepted and given value on the level where the whole reindeer husbandry community is present?

There are different kinds of views of what reindeer husbandry is and should be. The most visible official arena for discussion of reindeer husbandry is the reindeer herders’
organization, Norgga Boazosámiid Riikkasearvi (NBR). NBR promotes the economical, professional, social and cultural interests of the reindeer husbandry. The Association has eight regional boards (Arctic Centre Reports, 36, 2001). Less than half of the reindeer owners are members of the NBR. However, the Association has a central role in defining publicly the significance of reindeer husbandry.

In connection with NBR’s 50-years anniversary in 1999, two books about the activity during the organization’s 50 years of existence were written and published by Bård A. Berg (1997, 1999). The first book deals with the activities of one local association, and the other covers the activities of the central association. The central association had been active for 25 years before the first woman became a member of the board. The first woman leader was elected 35 years after the establishment of NBR, and she kept the position for two years. Since then, no female leaders have been elected. The first time women are mentioned in the book that deals with the central association of NBR, is in connection with the year report of NBR, 1990–91 (Berg, 1997). The long absence of women from positions in the association may be one of the reasons why women’s interests are not paid the same attention as men’s interests in NBR.

Women are not satisfied with the official view of the reindeer husbandry, whose focus is directed towards meat production and reindeer husbandry as a one-man job. They are claiming their rights to be heard. An advisor in family and woman’s issues was employed at the Norwegian reindeer husbandry administration in November 1999. The reasons for establishing the advisor position was to strengthen the women’s and family’s position. The advisor has organized meetings with women in all the reindeer areas in Norway. As a result, ten network groups have been established. The first seminar on women in reindeer husbandry was held in Norway, 20–22 April 2001. The seminar focused on women’s position in the reindeer husbandry and the significance of women to Sámi culture. About 60 women participated in the seminar. The large number of participants indicates a strong motivation to improve women’s position in reindeer husbandry (Seminárraport, 2001).

The rights of the Sámi women in reindeer husbandry were one of the main topics of the seminar. Since the rights of persons in reindeer husbandry are closely connected to production units, and less than a quarter of the units are owned by women, many are without such rights. Consequently most women are subordinated to the leaders of the production units, who can be their husbands, fathers or brothers.

The participators in the seminar were divided into working groups with different topics to discuss. One of the working groups focused on attitudes that women are facing in their own industry, NBR and the reindeer husbandry administration. The group concluded, among other things, that women are often considered as a homogenous group, and that differences are not taken into consideration. Women holding positions in committees and boards are perceived as representatives for all women. As a result, if a woman does not master a task, then all other women are considered as not suited for doing similar work. In earlier times, the girls and women usually did their share of the herding and all other types of work with the reindeer. Women were often considered better herders than men because they stayed in the same place herding the reindeer. Since then, the attitudes have changed. Buljo (2002:9) claims that, today, even the laziest and most incapable man has officially higher value than the most hard-working and active woman.
To sum up briefly, the interests of women and their work are not given the same attention in the reindeer husbandry society as the interests of men. To counteract this, women have organized network groups that focus on women’s position in the reindeer husbandry. Whereas actors are limited to reindeer Sámi at the micro and middle levels, the state is present as an actor at the macro level. At this level, which is the last level in the analytical model of Barth (1994), rights and restrictions are allocated between the social groups. Therefore one may ask how rights and restrictions are allocated between the genders. How does this affect women?

In 2002, the Norwegian Reindeer Administration arranged a seminar on women’s politics in reindeer husbandry. In the opening speech, the department director of the Ministry of Agriculture, Anne-Kathrine Fossum (2002), claimed that the integration of a gender perspective in the reindeer husbandry means a reintegration of the woman’s perspective, because the development has forced women away from reindeer husbandry. Economical framework conditions and the changes of production form have led women to other activities, and to activities that secure an income (ibid.:7–8).

The state politics on women in reindeer husbandry can be compared with politics on women in agriculture. Both industries belong to the political area of the Ministry of Agriculture. A government report (St.meld. nr. 19, 1999–2000) concerns Norwegian agriculture and its food production. The report emphasizes the importance of equal possibilities for both genders within their traditional areas. The equality pertains first of all to the requirement of strengthening women’s traditional values and activities. Furthermore the report admits that women and men have partly different experiences and different kinds of knowledge and competence. As a consequence, activities carried out by women strengthen the variety and the breadth of Norwegian agriculture (ibid.:89).

In contrast, in the government report (St.meld. nr. 28, 1991–92) with the title Sustainable reindeer husbandry, women’s traditional knowledge in reindeer husbandry is not paid much attention. Instead the report stresses education as the main solution for women. Women in reindeer husbandry are praised for their motivation to seek education, and at the same time it is considered as a loss when men stay away from school. According to the report, women who go to schools have options. However, women’s particular competence in the reindeer husbandry is not assigned value similar to that of women in agriculture. Many women, in the same way as men, want to stay in reindeer husbandry, but many women feel that they do not have the option to make their own choices of whether to stay in or to leave the reindeer husbandry.

A 55-year-old woman, whom I will call Anne, is the oldest of five siblings. She worked in reindeer husbandry until her brothers became old enough to start working. When all of her brothers got production units in 1978, she felt that she was put aside. As a result, she applied for a job outside the reindeer husbandry. When Anne was 14 years old, she wanted to go to school, but her father needed her work in the reindeer husbandry. Anne has not had a real option of making her own choices, but has adapted herself to the changing family situation. Now she has been in the reindeer husbandry for approximately 30 years, having married a man who has reindeers.

Reindeer husbandry has now become a subject with certification in the Norwegian upper secondary school system. The training is divided into theoretical and practical parts. In 2002, the first 13 students started a course in practical reindeer husbandry training. The curriculum of the training is an attempt to frame a total idea of reindeer husbandry as a
subject. In 2004, the Sámi University College evaluated the curriculum. It concluded, among other things, that the curriculum is strongly dominated by the traditional male role in the reindeer husbandry. The male work tasks are mentioned specifically in the curriculum. In contrast, the vital work tasks of women are not explicitly stated. Slaughtering and cutting up the meat are traditionally considered as men’s work. Women have been responsible for entrails and furs. Some of the students interviewed by the Sámi College University have reacted to the curriculum’s lack of emphasis on women’s traditional work. The production of traditional clothes and the making of hide equipment and other materials are central tasks carried out by women. The students pointed out that necessary work, often carried out by women, fell outside the curriculum. The evaluation report asks whether the present understanding of the reindeer husbandry is too narrow (Sámi Allaskuvla, 2004).

Conclusion

The micro, middle and macro levels in the analytical model of Barth (1994) are useful tools in investigating women’s position in reindeer husbandry. In accordance with the model, reindeer husbandry can be divided into different levels in order to discover mechanisms that cause distortion between different social groups. Men and women are here divided into separate groups according to the traditional division of the labour force in reindeer husbandry. The micro level concerns the relationships between people in a society and puts self-value in focus. Women experience their work as being of great value at the micro level. This is not the case at the middle and macro levels. The middle level is characterized by processes that create a community; women and their traditional work are to a little degree recognized as part of these processes. However women have organized themselves by establishing their own networks. The question is whether the networks can contribute to change the reindeer husbandry community in a way that can be more favourable to women. At the macro level, where the state creates the politics concerning reindeer husbandry through laws and directives, women and their work are not made visible.

Women are producers in reindeer husbandry. Production takes place both in báike-doaalla and in siidadaoalla. As a rule, married women have responsibility for báike-doaalla. Their tasks vary according to their age, civil status, the children’s age and the size of a siida. However women’s traditional work and their role in reindeer husbandry have received little attention in official policy and public management. In addition women are barely visible as actors in the public sphere, since 80 per cent of all production units in Norway are registered to men.

There is an inconsistency between women’s actual work and production, and the official view of the production in the reindeer husbandry. That women’s production is kept outside the official sphere narrows the category of reindeer husbandry, thereby limiting also potential solutions for sustainable development. Women are significant actors, and they are also accepted by members both in báike- and in siidadaoalla. But when reindeer husbandry becomes a part of the official arena where, in principle, both men and women can be formal participants on equal terms, women’s issues do not get the same attention.

Notes

1. The Sámi Reindeer Herders’ Association of Norway.
2. Every production unit is obliged to produce an annual report on reindeer husbandry within the production unit. Registration of the leader or leaders of the production unit is obligatory.
5. Totalregnskap for Reindriftsnæringen. Økonomisk utvalg, desember 2003; an annual report prepared by an economic committee with a mandate to produce an economic base material that forms a starting point for a negotiation agreement between the state and the reindeer husbandry industry.
6. Elsa Laula Renberg established the first Sámi women’s association in 1910, which arranged the first Sámi national meeting in Norway in 1917.

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21 Social capital of indigenous and autochthonous ethnicities

Birger Winsa

Introduction
This chapter maps the relationship between language policies, social capital and cultural and economic development in a multilingual region. The region concerned is the northernmost Swedish Torne Valley and parts of the Sápmi where the minority languages Saami, Meänkieli and Finnish are spoken, along with the national language, Swedish. Cultural statistics (literature, theatre and song) are related to language policies, density of voluntary associations, unemployment and socioeconomic development. Two monolingual regions are references for the study. The results are discussed in relation to indigenous and ethnic based entrepreneurship.

The future of minority cultures and languages depends on whether the minority communities can transform the former stigmatised languages, cultures and ethnicities into assets in socio-economic development. Former discriminative language policies caused stigma and negative attitudes towards the local cultures and languages and have, most likely, hampered development of the civil society in the multilingual region, which has influenced economic performance. The bilingual community members are more likely to be unemployed and less active in civil society and have seemingly weaker social capital. Earlier studies on social capital have neglected language aspects of multilingual civil societies.

The cultural development was sparked among the Saami by the public recognition of the indigenous group in the 1970s, whereas the Torredalian cultural movement was initiated in the 1980s when an ethnic based association was established, and especially after 2000 when Sweden recognised the national minority languages in legislation. Cultural production in the national majority language Swedish corresponds with institutionalisation of Meänkieli and Saami, education in minority languages and membership of ethnic associations. Cultural activities in literature, song and amateur theatricals are most frequent in Pajala and Kiruna, where the institutionalisation of Meänkieli and Saami has made best progress. Haparanda and Gällivare have the weakest cultural activities in Meänkieli, Finnish, Saami and Swedish. Hence municipalities that support minority languages have best cultural development in the minority languages as well as in the national language, Swedish.

Municipalities with institutionalised minority cultures and networks in civil society use these former stigmatised cultures and languages as instruments in economic development, especially in tourism. Minority cultures are increasingly integrated parts of tourism. Saami culture especially is in general utilized in Sweden, Norway and Finland. The enhancement of cultural and indigenous tourism is nevertheless in its infancy, and the Torredalian minority culture is still a neglected resource for the tourist industry in general, despite major increase in cultural products. The former language
policies of the Swedish state most likely had a negative effect on tourism in the multilingual region.

However, in comparison, the monolingual regions have denser networks of voluntary (cultural) associations, and in total higher cultural production. Hence the Swedish monolingual region has less unemployment and better socio-economic conditions, and Northern Finland (with small groups of Saami communities) have been successful in the establishment of a tourist industry. However, since the 1980s, the cultural index has been highest in the multilingual region. We have indications that public recognition of minority languages has a positive effect on self-employment, cultural tourism and socio-economic conditions.

1 The environment
The region was originally populated by Saami (perhaps BC) and Finnish-speaking groups in the twelfth century. Swedish began to penetrate the region in the late nineteenth century. Saami is spoken by a few thousand Saami in Kiruna and Gällivare, whereas Finnish and Meänkieli (a language variety of Finnish) are spoken by some 25,000 Tornedalians in the municipalities Kiruna, Gällivare, Haparanda, Pajala and Övertorneå. Many Saami are multilingual in Swedish, Saami and Meänkieli/Finnish, but no Tornedalian is fluent in Saami. Swedish was the dominant language of education into the late twentieth century. Some education in Saami occurred. The minority languages therefore remained in the family, private domains and in traditional settings (Winsa, 1999; Huss, 1999).

Lack of education in Saami and Finnish had the effect that most of the Saami and Tornedalians are in functional terms illiterate in their mother tongues. A high percentage of those born before 1960–65 have Saami or Finnish as a second mother tongue (for further discussion and references, see Winsa, 1998). Competence in Swedish corresponded with higher education, employment, out migration and a more public employment. Finnish-speaking Tornedalians during the 1960s were less active than Swedish-speaking Tornedalians in public life. Swedish was the dominant language in formal and semiformal domains even in the civil society.

Already in the early twentieth century it was argued in a government investigation that the multilingual region had a weak civil society (SOU, 1921:376). Finnish Tornedalians, on the Finnish side of the Sweden–Finland border, participated more in community life than Swedish Tornedalians. Therefore they also were more often elected representatives, despite being less educated. Social organisation on the Swedish side corresponded with competence in Swedish. Finnish-speakers were less active in civil society (Jaakkola, 1969; Haavio-Mannila and Suolinna, 1967).

In socio-economic terms the Swedish Torne Valley has for a long time been in a relatively weak position, with high unemployment, low income and shorter life expectancy than in Swedish rural municipalities (Winsa, 2003b; Rantakyrö, 2000).

Saami have been struggling for their indigenous rights since the early twentieth century, and were supported and strengthened by the indigenous and minority movements that evolved globally in the latter part of the century, especially after the 1960s (Allardt and Starck, 1981). Saami parliaments were established in the late 1980s and early 1990s in all three Nordic countries. First, in the early 1980s, the Swedish Tornedalians established an association promoting the minority language Meänkieli and regional ethnicity.
2 Language policies, social capital and language ecology

2.1 Language ecology and social environment

One attempt to explain differences in socio-economic status between various groups is based on the density of social networks and its influence on the economy. Social capital is a component that develops in civil society and promotes individual resources. It is defined by its functions and is a flora of productive entities promoting cognitive and social skills. Human capital is developed in education, whereas social capital is imbued in social structures in family, in relations, in the social organisation, in networks, voluntary associations and in the private and public communities. Public and private institutions influence social capital or, in other words, all institutions promoting the individual’s voluntary involvement in civic society (see the survey in OECD, 2001). Relations imbued with norms such as authority, dependence and trust are claimed to constitute the social capital (Coleman, 1990:300ff).

Social capital can be seen as one primary part of a collective identity, which contains tacit information of, for example, voluntary work in NGOs and religious communities. The collective structures of civil society are the platform for values and attitudes of the individual (Stolle, 2003). Robert Putnam (2000:327ff) argues that immigrants and majority groups who are socially well organised have lower unemployment, higher education, less sickness and higher income. The idea of the general effects of social capital has to some extent been questioned in other studies, though there seems to be a general consensus that an abstract and complicated link exists between civil society, social capital and the economy (OECD, 2001). It can, however, in some circumstances, lead to isolation and retrogression, if the social network is not regulated productively (see Putnam, 2000:319ff). Social groups with strong social ties and few external influences and contacts can hamper social capital development, examples being racist and terrorist associations. On the other hand, various public policies will of course influence civil society. A general assumption in political science is therefore that oppressive policies of a government, or regional authorities, have an impact on the civil society (Stolle, 2003). We have little reason to believe other than that the social capital can also be a negative force in, for example minority regions, and that the language policies of a nation have an impact on the development of social capital in multilingual regions.

2.2 Social capital in monolingual and multilingual regions

There is hardly any research on social capital in small multilingual minority regions or indigenous groups. Aspects of language or language policies and their influence on social capital are entirely absent from the discussion (for a survey, see OECD, 2001:55ff; Hooghe and Stolle, 2003; Svendsen and Svendsen, 2004).

In understanding the relationship between social capital and integration of minority groups, it is necessary to distinguish between two forms of social capital – external bridging social capital and internal bonding social capital. Putnam (2000) stressed the importance of bridging social capital between ethnic groups, associations and institutions, but neglected the importance of bonding (Borevi, 2004). Dense internal networks create solidarity and a strong collective identity which is able to cooperate with the outside society through its maintained ethnic identity. One assumption is therefore that the ethnic group should establish a strong civil society before it can go into the process of integration and cooperation. Well developed social cohesion will be a platform for cooperation with the majority and other minority groups. A single economic perspective on ethnic solidarity has been a principle applied to explain why some immigrant and ethnic groups in the USA
are, in economic terms, more successful than others (Light, 1972; review in Sanders and Nee, 1987). The dual perspective of bonding and bridging applied to social capital among territorial indigenous and autochthonous economies has, however, hardly gained interest in mainstream research. We assume instead that ethnic/group solidarity precedes bridging in multilingual societies, and is a prerequisite in the development of social capital among indigenous and autochthonous minorities.

It is argued that well organised immigrant groups succeed better than others (OECD, 2001), and by analogy well organised minorities should be in a better socio-economic condition. However, in many other studies, it is concluded that indigenous and autochthonous minority groups in general have a weaker socio-economy than comparable monolingual groups (Kaplan and Baldauf, 1997; Kunnas, 2003). Monolingual majority group economists tend to neglect the fact that the social infrastructure deviates in multilingual regions from majority societies, and that multilingualism has a bearing on social, cultural and economic development. All self-employed individuals are also dependent on and influenced by language policies, role models, literacy, language status, collective identity, education and so on – aspects taken for granted in studies of monolingual societies. It is, argued, for example, that the Saami have a low level of entrepreneurship, but this is not discussed in the context of language policies, Saami institutions, literacy or social capital (e.g. Pettersson, 2001, 2004). Let us take one example to clarify the function of language policies: Finland Swedes are one of the few autochthonous groups in Europe which have always been the subject of favourable language policies. They have a high density of public institutions using the minority language and promoting the Finland Swedish identity. They have developed literacy in the mother tongue, live longer, feel better and are healthier than monolingual Finns. The reason for these conditions, it is argued, is that the Finland Swedes have better developed social networks and hence more social capital (Hyypää and Mäki, 2001). We may assume that it is not only cultural activity that influences social capital, but also the way languages are used in private and public domains in a multilingual setting.

Language is without doubt the most important instrument to transfer, develop and found social capital. Language as a social phenomenon gives meaning, categorizes, filters, produces and develops common sense and understanding. The culture of language is the meaning developed in all oral and written settings which cannot be transferred or understood explicitly, but is developed, used and applied subconsciously. Social capital is therefore contained in tacit understanding which is transferred and acquired through pragmatic linguistic information.

By analogy with theories in social psychology, it is argued that language cannot be separated from the environment where it is used. Several studies indicate that languages are dependent on their original domains of usage (Gee, 1991; Allardt and Starck, 1981). In oral cultures the home environment, agriculture, fishing, hunting, mining and religion are often the most important domains for many minority languages. An oral language has obviously fewer possibilities to contain social capital of the qualities required in a modern market economy. The traditional setting of a minority language develops values, qualities and assets that may perhaps even hamper socio-economic development, but are necessary qualities in the traditional environment, depending on how these traditional social resources are acknowledged in society.

Hence, during the post-modern epoch, we have studies indicating that languages and dialects, cognitive strategies, literacy as well as identity can be put under one more
homogeneous paradigm (Säljö, 2000; Cole et al., 1971; Besnier, 1995; Graff, 1987; Gee, 1991). In the ecology paradigm language as an imagined system is not separated from the language usage in various social domains. Language creates an invisible web of relations where the written domains and literacy are associated with ideology, authority and dominance (Martin-Jones and Jones, 2000). Literacy is seen as an effective instrument to maintain power and influence (Wedin, 2004:3ff, 169f). Literacy as such is no longer understood as an autonomous instrument. Instead, it is argued that the social activities of literacy exercised in a social context create and transform social identities. Hence language policies influence literacy activities in the minority language which in turn empowers or stigmatizes the group.

Since the 1960s, when the revival movement of many national minorities started it is common to speak about language planning strategies in e.g. education, administration and media (Kaplan and Baldauf, 1997). With increasing knowledge of the multiple variables affecting revitalisation, language has evolved as one economic variable in multilingual societies (Grin, 2003).

Since the 1980s, it has been common to speak about the ecology of literature and art (for example, Peurell, 1998) and this research perspective applied to minority literature is developing in the Nordic countries (Gröndahl, 2002). A municipality constitutes a collective entity, which is governed by politicians adapting to public opinions reflecting the culture of the individual. Authors/writers raised in a particular municipality are also influenced by the local culture, which has shaped their identity as an integrated part of the existing opinions and attitudes towards various social phenomena. This social identity is reflected in the form and content of cultural works. In a minority region it is above all the often negative attitude to the low status language which affects on identity, relation to the local culture and, thereby, that cultural activity.

Owing to the former language policies many minorities and indigenous groups globally have weak literacy in their mother tongues. We can assume that weak literacy in general hampers participation in civil society where written documents and texts are used as instruments to create the structure of the voluntary work, and those less competent in the national language will therefore become less active in civil society. However, perhaps even more important is that illiteracy suffers from the stigma associated with local culture in independent languages. Illiteracy weakens identity, excludes access to authority and influence, and causes a reluctant attitude, passivity and weaker interest regarding civil society and self-employment in general within the community.

This infrastructure of language and cultural production is maintained by language use, but is hardly discussed in the monolingual setting. Cultural production in minority regions is obviously shaped by top-down processes of society. Institutionalised language policies influence cultural activities where the minority and the majority languages are mediums of expression. One can therefore assume that revitalisation of a language/variety is to a marked extent dependent on its status and the attitudes towards the variety/language in the communities where it is used. When a process of revitalisation has been sparked it should be possible to reflect the change of attitudes in various socio-economic fields.

We may expect that a more favourable association with local culture is most pronounced in municipalities which for a longer period have in some form or another promoted multilingualism and multiculturalism, whereas municipalities which have dissociated the local languages even dissociate local culture in general.
Applied to the conditions in the Torne Valley and Sápmi, one may expect that, if the status of Meänkieli/Finnish/Saami is raised, this change should be reflected in cultural activity, in Swedish as well as in Meänkieli/Finnish/Saami. The cultural infrastructure of languages should correspond with the local opinion towards Meänkieli/Finnish and Saami. A second assumption is that the multilingual region, owing to the former language policies, has fewer voluntary associations, which has resulted in higher unemployment as compared with monolingual regions.

3 Statistics of monolingual and multilingual regions

3.1 Regions of comparison

The interior parts of the country, Västerbotten (municipalities Dorotea, Sorsele, Vilhelmina ja Storuman), Strömsund and Överkalix in Norrbotten have been fused into one monolingual region. Finnish Torne Valley is the second (nearly) monolingual region (Saami is spoken in the northernmost municipality, Enontekiö). The national policy for regions differs between Sweden and Finland and therefore Finnish Torne Valley is only included as a point of reference in the statistics of cultural production. Another variation is that the monolingual region has fewer labour-intensive industries. The ore fields in Kiruna and Gällivare employ many thousands and have no equivalence in the monolingual regions, which means that the multilingual region has a younger population as compared to the monolingual region in Sweden.

The level of education is fairly equal between the regions. It is well established that interest in reading and buying books corresponds with higher education and the size of the community (Kultur, 1993). From this we may assume that level of education predicts the interest in cultural activities at least within literature, but most likely also including music, amateur theatricals and amateur research. The cultural activities are expected to be best developed in more densely populated municipal centres.

3.2 Demographics

Table 21.1 presents statistics of relevance to mother tongue instruction. Pupils receiving mother tongue instruction have Finnish, Saami or Meänkieli as second mother tongues. Clearly the interest in Meänkieli is best in Pajala and Kiruna, whereas Finnish studies interest most pupils in Haparanda, where the percentage of Finnish immigrants is high. Gällivare has little interest in all minority languages. In total, 143 pupils study Saami in the six Saami schools in Sweden.

Competence in Standard Finnish is best developed among Finnish immigrants, whereas Swedish Tornedalians and Saami in general have weak literacy in Finnish, Saami and Meänkieli. Tables 21.2 and 21.3 give statistics on number and age, respectively, of inhabitants. Finnish Torne Valley has the youngest population of the compared regions, thanks to higher birth rates and a few industries in the Gulf of Bothnia (Tornio).

4 Language policies and cultural development

4.1 Review of language planning in the Torne Valley

The Saami were recognised by the Swedish state as an undefined minority group in practice in early 1970s (Winsa, 1998). The Saami Parliaments were established in Norway (1987), Sweden (1992) and Finland (1996). With official status as an indigenous group it followed that the Saami should have some form of cultural autonomy and self-determination,
meaning that they could develop their own social, cultural, economic and physical infrastructures in various domains.

Finnish has been an option to study in primary schools since 1970 and, since the early 1980s, Meänkieli has become a subject language in primary schools (Winsa, 1998). Sweden ratified in 2000 the European Charter for Regional and Minority Languages and the Framework Convention for the Protection of National Minorities, two conventions worked out by the Council of Europe. The Swedish Parliament decided in December 1999 that Meänkieli (a former dialect of Finnish), Finnish and Saami are the territorial minority languages of Sweden, and Yiddish and Romany are the national non-territorial minority languages. The language territories include the municipalities Jokkmokk, Arjeplog, Gällivare and Kiruna for Saami; and Kiruna, Gällivare, Pajala, Övertorneå and Haparanda for Meänkieli and Finnish (Prop. 1998/99:143). This means that a Saami and a Tornedalian can request services in the minority languages in all public service institutions in the region, and request elderly care in Meänkieli, Finnish or Saami within the region. Parents can demand that their children are addressed in Meänkieli, Finnish or Saami in preschool and kindergarten. The ratified conventions meant for the very first

### Table 21.1 Participation in mother tongue instruction in the multilingual region (per cent)

<table>
<thead>
<tr>
<th>2003/2004</th>
<th>Pajala</th>
<th>Kiruna</th>
<th>Övertorneå</th>
<th>Haparanda</th>
<th>Gällivare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Born abroad of total inh. (mostly Finland)</td>
<td>11%</td>
<td>8%</td>
<td>21%</td>
<td>39%</td>
<td>5%</td>
</tr>
<tr>
<td>Entitled to request mother tongue instruction</td>
<td>94%</td>
<td>38%</td>
<td>39%</td>
<td>33%</td>
<td>20%</td>
</tr>
<tr>
<td>Number of Saami schools (pupils)</td>
<td>0</td>
<td>3 (72)</td>
<td>0</td>
<td>0</td>
<td>1 (34)</td>
</tr>
<tr>
<td>Number of pupils studying Meänkieli or (Finnish)</td>
<td>272 (15)</td>
<td>64 (208)</td>
<td>0 (56)</td>
<td>0 (223)</td>
<td>8 (7)</td>
</tr>
<tr>
<td>% receiving mother tongue instruction</td>
<td>44%</td>
<td>32%</td>
<td>27%</td>
<td>54%</td>
<td>4%</td>
</tr>
</tbody>
</table>

### Table 21.2 Number of inhabitants

<table>
<thead>
<tr>
<th>Region</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finnish Torne Valley</td>
<td>44,597</td>
</tr>
<tr>
<td>Multilingual region</td>
<td>65,443</td>
</tr>
<tr>
<td>Monolingual region</td>
<td>37,837</td>
</tr>
</tbody>
</table>

### Table 21.3 Percentage of inhabitants age 25–44

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finnish Torne Valley</td>
<td>25.8 (c.1999)</td>
</tr>
<tr>
<td>Multilingual region</td>
<td>24.8 (1997)</td>
</tr>
<tr>
<td>Monolingual region</td>
<td>23.2 (1997)</td>
</tr>
</tbody>
</table>
time that all Swedish national minority groups formed their very first NGO working for the promotion of the national minority languages: Saami, Meänkieli, Finnish, Yiddish and Romany.7

Saami is spoken in Kiruna, with some in Gällivare and very little in the other municipalities of the region. This is also reflected in the support for Saami, which is best developed in Kiruna, with a number of public Saami institutions: e.g. the Saami Parliament (20 employed), three Saami schools and a Saami theatre.8 Saami radio in Kiruna began to broadcast as early as 1965 and now employs (2004) 12 journalists. The Saami TV in Kiruna began to operate in 1982 and has nine on its pay-roll.9

Gällivare has a few smaller institutions favouring Saami: one Saami school and Saami culture displayed in museums and other tourist sites.10 The lack of Saami institutions probably indicates a general weaker interest in promoting minority cultures. Competence in Meänkieli in best maintained in smaller villages. Swedish is therefore best developed in municipality centres among the best educated groups. Finnish is mostly spoken by immigrants.

Pajala is the only municipality where almost every pupil in primary school is entitled to request mother tongue instruction (see Table 21.1). One school in Pajala has Meänkieli as an obligatory subject, and the municipality aims to instruct most pupils in Meänkieli. Pajala has a local radio broadcasting for five to ten hours a week in Meänkieli (since the 1980s) and some Finnish (five employees).11 Since its start in the 1950s it has broadcast mainly in Finnish (Winsa, 1998). The Swedish TV began in 2000 to produce a few hours per year of programmes in Meänkieli (one or two employees in Luleå).12 The only magazine written in Meänkieli is produced in Pajala (one employee).13 A very active bilingual theatre (Meänkieli, Swedish) has been in being for a few years (about six employees), funded by local, regional and national authorities. Bilingual film production is in continuous progress.14

Matarenki-Övertorneå has a library that covers literature from the North Calotte region, and especially all materials written in Meänkieli (one person employed).15 The municipality has established a culture and research centre for Meänkieli and Tornedalian culture. The office of the ethnic movement association, STA, is located in Övertorneå (one or two employed).16

Haparanda is the municipality with the highest percentage of Finnish immigrants. It has also developed extensive cooperation with its neighbour municipality in Finland and promotes Finnish in administration and education (a high percentage of the civil servants are bilingual). The population in Haparanda is divided between three ethnic groups: Finnish-speaking with an immigrant background, monolingual and bilingual Swedish Tornedalians. The attitudes towards Meänkieli are often negative among some groups, whereas monolinguals in Haparanda are often critical of Meänkieli and Finnish (Winsa, 1998).

Meänkieli is considered by a few voluntary associations and activists as an important carrier of culture. Finnish is regarded as the more appropriate language for official and formal instrumental tasks, rather than a language expressing local culture. Language planning is still rather random and unstructured.

In addition, the websites of the municipalities reflect their interest, or lack thereof, in promoting the minority languages: Gällivare has its websites in Swedish, English and German; Kiruna has them in Swedish, English and some (audio)documents in Saami;
Pajala has a website only in Swedish; Övertorneå has one in Swedish, and some in German, Finnish and English; Haparanda has them in Swedish, German, Norwegian, Russian, Finnish and English. Saami can be read on the Internet in websites of Saami institutions, partly in the Kiruna website, and some websites owned by private individuals with a Saami identity. Meänkieli can be read in a few public websites promoting the language and its association with culture.17

4.2 Cultural development and revitalisation of minority languages

Up to the 1980s, little literature and fiction in the region was written in Meänkieli or Finnish. Most books in Swedish were written in Kiruna and Haparanda, few in Pajala. Hardly any singing or theatre was performed in Meänkieli or Finnish. In the 1980s, a change in the culture climate evolved and more authors and artists became active in writing literature, memoirs and carrying out amateur research on local history, and to producing texts, plays, revues and songs in Meänkieli. The cultural activities coincide with the establishment of the ethnic based NGO, Swedish Tornedalians’ Association (STA) that promotes Meänkieli. The most active amateur theatre, Torne Valley theatre, was established in 1986 in Pajala by, among others, activists from the STA, and had from the very first bilingual performances, which was regarded as revolutionary at that time. Bilingual performances since then have become common in Pajala and to some extent in Kiruna (Krutröök, 2000). The increase in cultural activities corresponds to the revitalisation of minority languages. Most of the cultural production is based upon voluntary work. Few can actually get their living from the cultural domain.

4.3 Saami literature, theatre and film in the Torne Valley

The Saami movement preceded the Tornedalian minority movement and hence also the cultural development was at least one decade earlier. The number of titles written in Saami was, until 1975, 500–600, including books and booklets. Most of these are translations and religious texts (Thomasson, 1975). According to Hansegård (2000:119), development of Saami literature began after 1950, and especially during the 1970s. In 1971, the Saami theatre group Dalvadis was established, and got a permanent stage in Kiruna in the 1990s. It is estimated that the number of ‘books’ written in Saami is 1000. According to Hirvonen (2001), about five to nine books written in Saami are published annually.

The bulk of Saami literature is published in Norway. The Saami have one society of authors, Sámi Girjefállei Searvi, founded 1979 and in the late 1990s had about 50 members (Hirvonen, 2001). A music and book publisher, Dat, is established in Arjeplog.18 There is no publisher of Saami literature or music in Gällivare and Kiruna (the municipalities included in this study).

Within film production there is one well known Saami producer from the region, Paul-Anders Simma, born 1959 in Karesuando. He has produced several films and worked as a freelance for the Swedish television (NU).

Only a handful of Saami artists have full-time work within the culture field, though quite a number are in fact employed by cultural institutions.

4.4 Publishing firms in the Torne Valley

The correspondence between language policies, attitudes to local culture, language revitalisation, cultural activity and increasing commercialisation of cultural products is striking.
Until the 1980s, there was no idealistic or commercial publisher for literature in the region concerned. The publishing firm *Tornedalica*, founded 1962, has produced some 50 titles of academic literature (Wande, 1996). However its office has often been outside the region, in Luleå, although some of its editors have lived in the country and even in southern Sweden. The literature published by more commercial producers had its office outside the Torne Valley. A few books were also published at the authors’ own expense.

The author and Meänkieli-activist Bengt Pohjanen established in 1985 the first publishing firm in the region, Kaamos, which was later overtaken by STA, and has its office in Aapua, Övertorneå. Kaamos has produced about 35 books, mostly in Meänkieli: literature and fiction, translations, wordbooks and grammars. Kaamos also market ‘all’ books and music CDs with a Torne Valley perspective.

Bengt Pohjanen arranges courses for authors aiming to write books and manuscripts for film and theatre, and promotes translations, and founded the Barents Literature Centre in 1997. The Centre has published a few, often multilingual, books. One publishing firm (*Birkkarlen*) was founded in Haparanda in the late 1980s by the author Olof Hederyd. He has produced about ten books, all written in Swedish.

The Gällivare local folklore society has, since 1982, published books in Swedish on local history, music and biographies. The Gällivare municipal library is a public institution, which has published a few titles in Swedish since 1995. Kiruna municipality also has some public institutions that support local publications in Swedish.

### 4.5 Music associations and organisers

The Torne Valley music club was founded 1982 and is seemingly the only music club with a regional/national spread of its members. The club had in 1999 50 members from Sweden and 90 members from Finland. The club awards three musical scholarships and arranges one music and dancing week annually – *Sääskisafari* ‘Mosquitosafari’ – on both sides of the Swedish–Finnish national border. In the early 1980s, Pajala had the first music publisher in the country, Norrbotten (*Ton i Norr*). *Ton i Norr* produced altogether more than 60 cassettes (*Ton i Norr*, 2000).

### 5 Methods

#### 5.1 Definition of author/writer and musician

All books, cassettes or CDs in Finnish, Meänkieli, Saami and Swedish are included. The linguistic competence of the author/musician has not been a limiting factor. All writers/authors/musicians/music groups born, or who lived for more than three years, in the three regions are included in the statistics. Every author/writer/musician included has produced at least one book/CD/LP/cassette at his/her own expense, or at a commercial publishing firm, and is included in the national or regional electronic libraries (e.g. Libris, Lapponica or SLBA). No editors, translators, anthologies, translations or reprinted editions have been included in the book statistics. The category ‘literature’ includes novels, biographies, local history, descriptions of nature, amateur research, books for children, hunting and fishing novels. The most important category excluded is professional researchers or specialists writing technical books.

The register is based on information from local and electronic libraries, one lexicon (NU), bibliographies on authors (e.g. SFL), informal observations from a number of sources and additional information from local newspapers and publishing firms. A few
overview articles are written on the subject of literature in the Torne Valley (e.g. Jama, 1995; Alatalo, 1997; Mattson-Barsk, 1997; Kauhasjärvi, 1997) as well as some bibliographies (Författare i Norr, 1992; Bergström et al., 1992; Lundgren and Linné, 1993, 1997). However electronic libraries do not indicate birthplace of author, but the SFL and NU have been useful sources to check home residence of particular authors. The list is not complete, but possible deviations are thought to be small.

Information on musicians, music groups and amateur theatre groups is obtained from interviews with musicians and actors, one lexicon (NU) and from local newspapers. The information given has been checked in the electronic music archive, SLBA. In principle, only musicians and orchestras mentioned in SLBA or in the register of Ton i Norr are included in the statistics.

5.2 Amateur theatricals
Included in the statistics are amateur theatre groups who have set up at least one performance which has been noticed by the local newspapers. The autodidact director Bror Astermo, of Pajala has directed about 200 performances, written manuscripts for some 60 amateur theatre performances, and been a participant or a leader in many courses. In total, there have been about 250 performances since 1986, when the Torne Valley Theatre was founded.

6 Results and discussion
6.1 Authors, literature, amateur theatricals and musicians
Figures 21.1 and 21.2 present indexes on literature and on musicians, respectively, in the Torne Valley. The written culture began to flourish in Pajala and Kiruna with authors/writers born in the 1940s, who became active in the early 1980s and later. This has continued with those born in the 1950s or later in Pajala, Kiruna and, to some extent, in Gällivare municipalities. Pajala had only four authors/writers born before the 1940s and settled in the municipality, who wrote in total five books. It is also noticeable that, of the four authors in Gällivare born in 1950 or later, two have an ethnic background: Saami and

![Figure 21.1 Index for literature in the multilingual region/Swedish Torne valley](image-url)
Rome. Also in the category of books written in Meänkieli and Finnish we find that most books written in these two minority languages are associated with authors from Pajala, predominantly by authors born in the 1940s and later (about 30 books). In Kiruna several of the authors born after 1940 write in Saami (about 20 books). However the bulk of all cultural production is written in Swedish. Minority languages are also in a minority in cultural domains. Of texts and songs performed or written in Meänkieli we find that musicians predominantly live or are born in Pajala. There is only one group in Gällivare who sing in Meänkieli. Few in Haparanda use Meänkieli as a medium in artistic performances.

The bilingual (Meänkieli, Swedish) Torne Valley Theatre (ToTe) in Pajala is in a class of its own and has no equivalent in the monolingual regions. The amateur theatre movement has attracted a number of musicians and music groups and stimulated many potential writers to become active. The amateur theatre association gives performances all over the multilingual region and is probably the most important institution for cultural production in the region.

6.2 The impact of one ethnic organisation on cultural activity

The establishment of the Meänkieli association, STA, and its work to get recognition of Meänkieli is most likely an important influence on the cultural activities in the border region. Four of the six presidents of STA were born in Pajala. Two of the presidents have written film manuscripts and produced songs and books in Meänkieli. One of the presidents was also the first president of the Torne Valley Theatre.

6.3 Saami culture in Kiruna

Influences on the (in relative terms) high culture index in Kiruna besides Kiruna being a more urban environment, are the geographical location and the Saami culture, which have attracted a number of individuals and influenced literature positively. In particular, a number of priests have written books on Saami culture.

As with the cultural infrastructure in Pajala, there seems to be a correspondence between Saami institutions and associations in Kiruna and cultural activities in the
municipality. The Saami are a juridical indigenous minority in Sweden and a minority in terms of population in Kiruna as well as in the Torne valley in general. One reason for the (in relative terms) active promotion of Saami culture is the particular state subsidies that are provided for the Saami and distributed by the Saami Parliament, but even this is the result of long-lasting efforts to promote Saami identity.

6.4 Weak cultural infrastructure of languages in Haparanda and Gällivare
Despite a number of public arrangements of cultural events during the summertime in cooperation with Tornio since 1973 (NU) the effort has not produced significant results in voluntary culture activities. There is a weak interest in promoting Finnish as a language of culture in the voluntary sector, and correspondingly the cultural production in Swedish is meagre. It is remarkable that Haparanda has no author writing in Finnish.

Opinion in Haparanda seems to contain an unresolved conflict between bilinguals and monolinguals and between Meänkieli and Finnish speakers. Bilinguals and monolinguals debate in the local newspaper whether the language policy of the municipality forces them to migrate, and whether the municipalities are slowly being ‘Finnicised’ (e.g. HB 000623).

Övertorneå stands in a position between Pajala and Haparanda, and is also traditionally considered to be a stronghold of Swedish culture. For the same reasons discussed regarding Haparanda, the cultural activity in Övertorneå may have been hampered by the language policy of the municipality. Both municipalities have had a relatively strong and influential Swedish-speaking, well-educated class who almost without exception over a long period promoted only Swedish and thereby have been a normative element for cultural activity. An author proceeding from an aversion to the local culture can hardly find creative stimuli in the home environment. Thus even literary activities in Swedish were hampered.

The highest percentage of monolinguals is probably to be found in Gällivare, which has the weakest cultural activity of all five municipalities. Swedish dominates almost entirely the whole public sector. The local Gällivare Finnish has for a long time had the lowest prestige of all Tornedalen Finnish varieties (Winsa, 1998). This stigma may therefore be one cause of the weak interest in promoting minority languages and this has caused weak cultural activity in general.

6.5 Correspondence between amateur theatricals, music, literature and opinion for/against Meänkieli and Saami
In Pajala and Kiruna, amateur theatricals correspond with a higher interest in authorship. Both municipalities have bilingual performances. Furthermore they have considerably more authors/writers producing more books (in Meänkieli, Finnish, Saami and Swedish) than the other municipalities.

The development of the written culture is clearly associated with the Saami movement of the 1970s and the revitalisation movement of Meänkieli in the 1980s. As all theatre demands authors who write the plays and musicians who create the music, it is not surprising that Pajala has in relative terms the highest number of musicians, followed by Kiruna.

The number of authors and musicians included in the electronic databases also reflects the number of authors/writers/musicians writing and playing and aiming to commercialise their products, but who have not yet succeeded in their ambitions. They
nevertheless contribute to the construction of a cultural infrastructure thanks to their voluntary and idealistic efforts. Music, song, theatre and literature constitute the cultural infrastructure of language. Consequently Pajala comes first in all of the cultural domains discussed.

6.6 Comparison between regions and to socio-economic statistics

Figures 21.3 and 21.4 present data on literature and on voluntary associations, respectively, in monolingual and multilingual regions. Despite the very productive cultural movement in the Swedish Torne Valley since the early 1980s, the multilingual region has in total a weaker production of literature than the monolingual regions. During the period of oppressive and discriminative language policies of the Swedish state cultural production was limited. Authors in the monolingual regions had become active when illiteracy was abolished in the late nineteenth century, whereas the Saami and the Tornedalians in Swedish Torne Valley had weak literacy in all languages well into the twentieth century.

Along with the cultural development the local artists in the monolingual regions were given public space and publicity by various authorities through cultural marketing measures. The monolingual regions in Sweden and Finland have more associations of authors, have named streets after famous local persons and funded statues and various local museums with the aim of enhancing the market value of the local cultural images (Winsa, 2003a). The multilingual region has very few role models, or cultural images, representing the minorities. Those that did exist were in general neglected and therefore had little influence on the artistic market or public opinion.

However, from the 1980s, the multilingual region has clearly been in a leading position in terms of cultural production. The higher cultural production corresponds with some 25–30 per cent higher public expenditure for culture in the multilingual region as compared with the monolingual region.27 We may also in the longer term expect more ‘canonization’ of local artists in the multilingual region representing multiculturalism and linguistic diversity.
In accordance with the theory of civil society, high cultural activity is reflected in the higher density of voluntary associations in the monolingual regions. Weak activity in civil society in the multilingual region is most likely one result of the discriminatory language policy of the Swedish government.

6.7 Culture index, civil society and cultural images

Finnish Torne Valley may gather statistics on voluntary associations in general using a different method, because a more limited definition of cultural associations (music, theatre, art, literature, dance and film) indicates a similar pattern to that in the Swedish monolingual region, with 590–670 inhabitants per cultural association in the monolingual regions as compared with 1320 per cultural association in the multilingual region. Hence comparisons of the density of voluntary associations between Finnish and Swedish Torne Valley may be misleading.

6.8 Unemployment in monolingual and multilingual regions

The monolingual region has a more active civil society and (accordingly) lower unemployment (Figure 21.5), despite the fact that the multilingual region has extensive ore fields employing a few thousand miners. The multilingual region has a 50 per cent higher unemployment rate, approximately.28 Statistics from 2004 indicate that the reduction of unemployment has been somewhat faster in the multilingual region, perhaps as a result of the revitalisation process?

7 Commercialisation of indigenous and autochthonous cultures

7.1 Regional differences in cultural infrastructures and tourism

Differences in language and cultural policies of the three nation states have created varying traditions between the regions in Sápmi and hampered cooperation and cohesive structure building. According to Lehtola (1995), Saami literature and art are divided into
subject fields which follow the national borders of Sweden, Norway and Finland. In Sweden, the Saami are more focused on handicraft and visual art; Saami music is more frequent in Norway, whereas Saami literature is produced in northern Finland, in a region with the oldest Saami school. However the overall cultural infrastructure is more complicated because, e.g., the Saami publishing houses are dependent on economic support and the Saami in Norway have the best support from the state; hence the number of Saami authors and books is highest in Norway (Hansegård, 2000:123ff).

The regions of northern Sweden, Norway and Finland also have general differences in marketing strategies and traditions. Northern Finland has for decades been the leader in attracting tourists. A simple comparison of air traffic passengers at the regional/local airports (Table 21.4) reflects the size of tourist industries in Northern Sweden and Finland. Finns have fewer mountains than Sweden and therefore downhill skiing is more popular in Northern Finland, attracting many residents from southern Finland. Kittilä derives its main tourist income from skiing in the nearby Levi mountain, but also increasingly from other summer and autumn nature activities. The Kittilä tourist agency argues that the Saami and Lapland cultures are poorly developed for tourism, and have much more potential. Nevertheless tourism in Kittilä in 2002 had 1300 full- or part-time employees. The difference in geography is not the only explanation for the huge disparity in number of airport passengers between northern Sweden and Finland.

The Saami population is smallest in Finland and reindeer herding is also a tradition and right among non-Saami. These aspects might be one reason why Saami culture is presented

Figure 21.5 Unemployment in monolingual and multilingual regions

Table 21.4 Airport passengers in multilingual and monolingual regions

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<td>Finnish Kittilä</td>
<td>213 000</td>
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<td>Finnish Rovaniemi</td>
<td>365 000</td>
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<td>Swedish Pajala</td>
<td>2755</td>
<td>7053</td>
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<tr>
<td>Swedish Gällivare</td>
<td>35 391</td>
<td>19 251</td>
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<td>Swedish Kiruna</td>
<td>160 353</td>
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to tourists often by non-Saami; e.g. the regional tourist industry uses traditional Saami culture, especially reindeer adventures, fused and mixed with the traditional Santa Claus and invented ‘Saami’ mythology. It presents this mixture to tourists as short-term packages in the Rovaniemi region, Finland. Saami culture is intertwined with the general concept of tourism and is often not given much attention except for the purposes of commercialisation. The idea of Saami culture has proved attractive to a great number of international tourists and has become a success story, employing about 1450 people (in 2003). Some 20 per cent (from about 80,000 passengers) of the income from tourist industry comes around Christmas. Many Saami, however, have complained that Saami culture is exploited in a degrading manner by non-Saami businesses.

The Finnish Torne Valley has apparently been more efficient than the Swedish Torne Valley in utilising the environment for tourism: fishing, hunting and adventures in nature. In general, the efficiency in exploitation of the region for tourism is reflected in the websites of the particular region. Finnish regional websites are often excellent portals, giving access to the whole region in any tourist domain and English is a common language in many tourist sites, along with Finnish and, sometimes, German and Russian. However websites in Saami or Swedish are rare. Some websites in Meänkieli can be found along the national Sweden–Finland border, but otherwise not.

In contrast, and despite the fact that the economic support from national sources is much more extensive in Norway, it seems that Saami business is best promoted in Sweden. Saami in Norway have seemingly focused more on expansion of institutions and associations safeguarding Saami culture and rights.

7.2 The cultural network of the civil society
A striking feature in Torne Valley is the informal network established by cultural activists where various cultural forms are integrated parts of the network and where the network bridges different ethnicities, languages and cultures. An author needs readers, a market for his literary works, a musician wants to have an audience, and a theatre must have good manuscripts, actors and musicians in order to attract the local people. The amateur theatre movement in the region has involved a great number of people from a number of villages; those on stage and their audience. The Torne Valley Theatre has during its 20 years of existence built an informal network and integrated the three cultural forms into the local infrastructure. One of the aims of the movement has been for Meänkieli on stage to promote the theatre and transfer a feeling of affinity and immediacy. Pajala has, through the leading activists, become the centre of this movement and, therefore, it is not a coincidence that Pajala has the highest cultural production. Authors, writers and musicians who have rejected the local language have thereby excluded themselves from the network, and hence lost a possibility of establishing a natural social platform where artistic talents can develop.

The most successful authors are leading elements in the Torne Valley Theatre. It is hardly an accident that the only authors from the Torne Valley who are well known in Norrbotten, nationwide and even globally, are active in the Meänkieli movement: Mikael Niemi and Bengt Pohjanen. Both have produced manuscripts for the theatre, been amateur actors and have been given a public stage for their texts. The regional/local authorities have responded accordingly by recognising them when marketing the region. Tourist brochures, newsletters and websites mention them as representatives of the multilingual minority.
region. Through his cultural institution, Pohjanen provides grants promoting potential authors and for creative writing. In a similar fashion a number of musicians, actors and artists have developed their talents in the amateur theatricals contributing to the creation of the cultural infrastructure.

Even the content of artistic books is one influential part of the ecology of minority languages and groups. Books describing minority existence tend seemingly to reflect the social conditions from a general opinion perspective, which is strongly influenced by the normative language policy of the state. Some decades ago the author Gunnar Kieri echoed the language policy of the 1960s by writing about the linguistically and socially oppressed Tornedalians who often became mute owing to their lack of skill in Swedish and the stigmatisation of local cultural values. The bilingual Tornedalian was seen as an odd remnant of the traditional farming society, whereas the modern world required monolingualism and education in English. The modern language policy is reflected in the book of Mikael Niemi, where bilingualism and alienation are perceived as cultural assets of the young confused pupil, and the stigma of being a minority is seen from a metaphoric and humoristic perspective. The book attracts the reader to identification and resistance, rather than sorrow and dissociation from bilingualism.

A further development is film production, supported by regional resource centres for film production seeking to create one part of a cultural infrastructure in the region. A number of films produced in the region have been based on books and manuscripts written by authors in Pajala. Hence it is no accident that there is almost a complete lack of voluntary cultural products in Standard Finnish and that cultural production is low in Gällivare.

An additional possible reason for the high culture index in Pajala and the mining town of Kiruna is that Meänkieli, Saami and Finnish are best maintained in socially more homogeneous settings. Meänkieli, and earlier Saami, has a stronger association with stigma in villages with a visible and, in public, dominating educated middle class speaking Swedish.

7.3 Cultural infrastructure and economic development in the indigenous region

In opposition to the global processes of cultural and linguistic homogenisation, reduction of nationalism and nation states, the reverse forces pronounce regional cultural and linguistic distinctions. These processes of localization are to some extent results of the increasing number of regions with progressing cultural autonomies in many parts of the world, and especially in Europe (Allardt, 1979; cf. Dana and Wright, 2004). Also in northern Sweden power is transferred from the central state to the regions. Along with the cultural development of minority languages and the evolving cultural autonomy of the Saami, utilization of cultural and natural resources for economic development has increasingly become a major task for the northernmost region.

Traditional reindeer herding consists of fewer than 1000 family-based businesses of the approximately 15–20 000 Saami people in Sweden and is nowadays only one aspect of Saami business and culture (Johansson and Lundgren, 1998). Most reindeer businesses are small in terms of number of reindeer per business. In 1993, only about 350 of 963 reindeer businesses had more than 200 reindeer (ibid.). In the early 1990s, it was estimated that in order to achieve a sustainable economy in reindeer herding the herd should number at least 200–400 reindeer. Hence smaller businesses dominate reindeer herding and are
regarded as leisure activities. Income is therefore low in most businesses, and all reindeer herding is subsidised by the state. It is calculated that every reindeer business was subsidised with some 21 000 euro per year in the late 1990s: about 300 euro per slaughtered reindeer (ibid.). The impact of reindeer herding on tourism, however, was not measured in the calculation. The annual turnover of hotels and camping sites in the northernmost/Saami region (counties Jämtland, Västerbotten and Norrbotten, population 0.61 million) was in the late 1990s estimated to be 25 times higher than the annual turnover of reindeer herding in Sweden (ibid.). As the number of reindeer herding companies decreases and they are replaced by bigger units employing fewer people, Saami tourism is becoming a more important basis for development.

In the social ecology of minorities, the two-dimensional process between the grass roots and the government and authorities reflects the attitudes and identities of the groups. Whenever public authorities do not recognise the existence of a minority the group is neglected also by other institutions within the tourism industry, business in general, cultural institutions etc. This was the situation for the Saami up to the late 1960s and for the Tornedalians until recognition by the state in the late 1980s and even 1990s (Winsa, 1998). This meant in practice that the minority communities could not build up the necessary resources for a cultural infrastructure and civil society and sustain that in the modern society. Public neglect meant that minority cultures were overlooked by public administrations, by tourist offices, by the stigmatised minority members and hence by tourists and potential visitors.

Until the late 1970s and early 1980s, the infrastructure of Saami-based economy, culture and business was far from coherent: eroding and sporadic, despite fairly good economic support from national and regional sources. Reindeer herding, fishing and handicraft were the main fields of small businesses, but, except for reindeer herders, few had their daily living from Saami culture. The Saami often opposed tourism, fearing Disneyfication of Saami culture, but reindeer herding was losing ground (Pettersson, 2001).

The Swedish government recognised Saami in the early 1970s (Winsa, 1998) and along with this began the idea of Saami culture (and later on language) as an instrument in marketing the region in national and international forums. With the establishment of the Saami parliaments the Saami got earmarked funding for development of Saami culture and business in various fields: reindeer herding, handicraft, tourism, media, marketing, language development, literature, theatre, song, music, education etc. The process was strengthened when Sweden and Finland entered the EU in 1995 and the Saami parliaments gained access to earmarked EU-funds. The aim was and is to develop sustainable Saami communities within traditional culture and lay a platform for expansion into modern domains of society (education, living conditions, businesses, media, civil society etc). With the recognition and establishment of public infrastructures a need evolved to sustain these structures with a civil society supported by various, often generous, grants, project aids and scholarships. A number of new voluntary associations were created: theatre associations, associations of authors, sporting clubs, political parties, various Saami associations etc.

The government support for the Saami is in the first instance directed towards the reindeer herders and a number of public institutions, whereas non-reindeer herders are in a weaker position. With the funding of the various Saami institutions these have become
important employers for the Saami. The public investment in Saami infrastructure is, in relation to the expenditures for the Tornedalian minority group, immense. In 2004, e.g., the Saami Parliament in Sweden employed 20 civil servants; the Saami museum Ajtte in Jokkmokk had some 29 people on its payroll; the Saami Radio and TV in Kiruna employed 21 journalists and technicians, etc. Nevertheless, the public investment in Saami infrastructure is far more extensive in Norway, but less in Finland; e.g. Saami TV and radio in Norway employs 54; the magazine Sagat in Norway employs 15 people and the publishing house Davvi Girji in Karasjok, Norway employs 11 people.41

Another result of the official recognition is that the indigenous culture gets attention, becomes an integrated part of the public infrastructure, and this opens a public space for individuals representing the minorities to enter influential social networks which promote the institutionalisation and cultural structuralisation of the minority communities into the public fields of society; i.e. the grass-root processes of various communities are reflected by influential public structures. Hence, with the public recognition, the Saami culture began to penetrate modern society; e.g. Nils-Aslak Valkeapää (1943–2001) from Enontekiö, Finland, became the very first famous role model for Saami artists when, for example, he was awarded the Nordic Council’s literary award in 1991.42 In his memory two cultural funds award scholarships.43 Celebrities open many doors for the Saami culture to enter public institutions and many artists have followed in Valkeapää’s footsteps (e.g. Wimme Saari from the very same little community has modernized Saami song tradition). Around these more famous artists various forms of cultural expressions and businesses evolve. Traditional Saami music is becoming increasingly popular and adapted to modern society; e.g. Saami songs have won two years in a row at the alternative Eurovision minority song festival in the Netherlands, in 2003 and 2004.44 The literacy activities and oral communication of the Saami artists expands the domains of Saami into the modern world. With this comes a higher status of the Saami language and culture. Saami is in this context associated with power, modernity and influence.

With the public recognition it also followed that the Saami were located in a social and more formal ecology. Ecotourism and indigenous tourism are considered to be a progressing field with future potential, globally as well as in Sàpmi.45 In research and development Saami culture has been transformed into a market variable of tourism and in 1997 the college of the region initiated research on ecotourism and tourism in general,46 followed by the first national journal of ecotourism in 2002.47 Ecotourism in Sápmi is developing into a new form of cultural tourism demanding availability of accommodation, entertainment, cultural events, sights, museums, handicrafts, communication, transportation etc (Pettersson, 2004:42). This means that the vast geographic region must be supported by a physical infrastructure of roads, hotels, camping sites etc., and by a cultural infrastructure that provides for the tourists the indigenous and autochthonous social qualities, cultural expressions and minority features of the region. In other words, the Saami need to have an active civil society, which also adapts to tourism.

Saami culture is mentioned in about 50 per cent of all tourist brochures and websites of the northernmost regions in the Nordic countries (Pettersson, 2001). Saami culture is one of the most important features stressed when marketing the mountain region (Johansson and Lundgren, 1998). In marketing, the northern regions are promoted as the last wilderness resort in Europe and the Saami are the true inhabitants of this wilderness, mastering harsh climate, mosquitoes and predators while herding reindeer. However, the
modern world of the Saami is seldom represented in tourist brochures. In surveys, tourists in Sweden want to visit Saami land and camps, see (traditional) reindeer herding, participate in everyday life, interact with the authentic indigenous culture etc. (Pettersson, 2004). Most Saami work in the industry and occupations of modern society, especially in the public sector. The reindeer herders of today use modern equipment in the traditional setting: snowmobiles, helicopters, trucks, modern amenities etc. Hence tourism becomes one of the major incentives to preserve traditional Saami culture, whereas modernisation counteracts tourism.

Subsequently, the Saami Parliament in Sweden began to focus closer attention on indigenous tourism (ibid.:41) and to promote a Saami-based tourist industry. The number of various Saami projects in Sweden has grown rapidly since 1995. One idea of developing Saami business is that the indigenous group gets direct access to and control of tourism in various domains and regions of Sápmi, and where the Saami culture becomes an integrated part of administration, and in the presentation of the region in physical and cultural terms. Saami in Sweden had earlier control of fishing and small game hunting in the Sápmi, but this right was withdrawn by the government in the early 1990s, and this has been a point of debate ever since. One example of the utilization and transformation of traditional Saami culture into the modern world is a former trading place for the Saami which has become a tourists attraction visited by several thousand people in winter time when the temperature can go below −30C. The Jokkmokk winter market was initiated by the Saami and the Swedish state as long ago as 1605, and since the 1950s has increasingly been transformed into a winter festival, where Saami cultural performances, events and exhibitions are mostly directed by the Saami (ibid.:104). Another modern example is the UNESCO world heritage area of Laponia, which is a vast area within the Sápmi. The idea is to ‘transform’ the traditional reindeer pastures of Laponia into a Saami-run tourist business where traditional reindeer herding, handicrafts, fishing, hunting and nature adventures are presented for the tourists in the authentic environment.

As the Sápmi is a huge, thinly populated region with low social cohesion, one idea in a few projects has been to create coordinated activities among the tourist businesses, though many of these have failed (Pettersson, 2001). A more successful project is the creation of databases and virtual networks or clusters that gather and spread information on all Saami community strategies, businesses, institutions and associations in one portal for the Sápmi. The Saami net is perhaps the most successful project of the many electronic portals: http://www.same.net.

Small tourist businesses emerge, mostly based on traditional Saami concepts, but marketing is a great challenge in the vast region. Many Saami based businesses have nowadays websites with online services especially for handicraft and other cultural products. One website lists some 100 Saami businesses only in Sweden, but research findings indicate about 50 tourist businesses, seven Saami museums and 15 attractions in the Saami region of Sweden (ibid.). Most of them are small family businesses and only nine of the self-employed businesses were open the entire year. Saami tourist entrepreneurs are often young women and men who are not members of a Saami village, because they are not reindeer herders (Müller and Pettersson, 2000).

The target group of indigenous tourism is still limited. Often the handicrafts and the visits to Saami camps and heritages are too expensive for the average tourist, which
reduces the number of potential consumers, and, according to one study, there is another discrepancy between supply and demand. In general the Saami tourist businesses offer visits to Saami camps, whereas many tourists often want to stroll in reindeer pastures. Marketing could also be more specific and directed towards women, because it seems that they have greater interest in indigenous tourism (Pettersson, 2001:66). However one major problem for most of the projects is to establish sustainable businesses that survive the project period. Many of the Saami businesses are dependent on government and EU funding and subsidies. Also the peripheral location of Sápmi and lack of entrepreneurship are claimed to be reasons hampering tourism (Pettersson, 2004:42).

If the idea of bridging and bonding social capital has relevance for the region we may expect there to be a link between ethnic minorities with strong civil societies and ability to work in cooperation with complementary non-minority businesses. The creation of a network for tourism seemingly has a multiplier effect that goes beyond the core business concept. One example is the successful Icehotel in the village of Jukkasjärvi, near Kiruna, which employs 30 people and provides a number of Saami-based adventures, cultural events and entertainment around this natural perpetual resource. The concept has later on been copied by the city of Québec as well as other smaller ice projects in the Nordic countries. Another example: the Saami theatre works in close cooperation with the local tourist industry, especially with the Icehotel and has had a few years of success. One performance of Shakespeare in 2004 was made into a movie with Saami voices subtitled in Swedish (NSD 041112). It is therefore most likely not an accident that Saami businesses are best developed in Kiruna, where the cultural infrastructure, production and cooperation between Tornedalians, monolinguals and Saami in cultural domains are best promoted.

However, despite many investments, it is argued that marketing is in general neglected in Saami businesses (Müller and Pettersson, 2000). Perhaps this issue will be tackled by the information centre for the Saami people and culture which will be built in the southern part of Sápmi in Sweden.

The national language is the dominant one used in marketing, but, despite the fact that many Saami business owners do not speak Saami and the potential target group of Saami products is not people with competence in Saami, the language has to some extent become an instrument in marketing Saami products. Some of the websites are in fact written in Saami (partly or in total), Norwegian/Swedish, English and Finnish. However, we have no statistics on whether marketing in minority languages has enhanced the market value of Saami products.

7.4 Cultural infrastructure and tourism in the autochthonous region

One of the results of the former discriminative language policy of the Swedish government was/is that the inhabitants on the Swedish side of the national Sweden–Finland border were more reluctant to enhance and develop tourist industry in general and marketing strategies of the minority culture in particular. The autochthonous minority group was almost completely neglected until the late 1980s by nearly all authorities, in all information about the region, in all tourist websites, and even in general schoolbooks describing the region (SOU, 1958). This non-existent minority policy was correspondingly reflected at the local level, as well as among individuals and business people of the community (Winsa, 1998). Swedish Torne Valley has therefore perhaps the least developed tourist industry of the regions (SOU, 1990).
West of the Sweden–Finland national border we found less developed web portals, fewer and simpler websites advertising tourist businesses, often written only in Swedish, though the tourist portal is also in English.\textsuperscript{55} Few tourist businesses use Meänkieli as an instrument in marketing, mainly owing to the lack of literacy in Meänkieli, which reflects a devalued, powerless culture and language. Some websites in Swedish Torne Valley do, however, market in Finnish, but the general trend is to write websites in Swedish (as well as English, and sometimes German), even if the business concept is directed to the Finnish market and the firm is located along the border.

However, since the start of the Tornedalian minority movement in the early 1980s, progress in cultural development has been rapid. Especially from the mid-1990s, the cultural revitalisation gained momentum when the Swedish state began to investigate and define the Swedish minorities. Tornedalian culture was pushed forward by the already established and recognised Saami culture and won more public attention with the Torne Valley Theatre and the author Bengt Pohjanen. The cultural evolution was strengthened when the Tornedalian and Saami author Mikael Niemi in Pajala wrote in Swedish a book called ‘Popular music from Vittula’ which was published in 2000. The perspective chosen in the book reflects the changed attitudes toward Finnish and Meänkieli and minorities in general. The book lays the foundation of a new, more favourable and less self-denying attitude, and it became an immediate success. ‘Vittula’\textsuperscript{56} has sold more than 800 000 copies in Sweden alone.\textsuperscript{57} It was positively reviewed in e.g. the \textit{New York Times} and the \textit{Los Angeles Times}.\textsuperscript{58} The book has been presented on several theatre stages in Sweden and Finland and was made into a movie which had its world premier in Pajala, in September 2004.

Since 2000, the commercialisation of the ethnic identity and minority languages has been in full swing in Pajala, where the cultural infrastructure is best established. A traditional festivity week is transformed into a week of cultural expression and called ‘Vittula’, after the famous book.\textsuperscript{59} The authorship of Mikael Niemi is the key concept in this process of creating a cultural infrastructure that enhances minority identity and linguistic diversity and providing cultural events of the autochthonous minority for the tourists and local people and thereby promoting economic development. The Vittula concept is in practice directed by the Torne Valley Theatre which receives economic support from local, regional and national sources and employs half-a-dozen people and has a great number of voluntary workers.\textsuperscript{60} The Torne Valley Theatre works in close cooperation with a number of amateur theatre associations in Norrbotten and expanded rapidly in earlier years.\textsuperscript{61} It is expected that the individuals and associations in this cultural field will have multiplier effects on other tourist areas such as fishing, hunting and nature adventures, as well as changing and reflecting the image of the Tornedalians and in that way reinforcing ethnic and social identity (NSD 041126). Any eventual success depends most likely on whether the leading individuals within the networks of cultural production are able to multiply their social capital and cooperate with networks that work with tourism: public institutions, self-employed individuals and finance resources. However the public investment in Meänkieli and Tornedalian infrastructure does not employ more than about 20 or 30 people in total, working with language, media, education, culture, administration and research. There is, nevertheless, a potential to integrate cultural tourism with fishing, hunting and adventures in nature and, from these resources, to establish a tourist industry.
The evolving cultural tourism in Pajala does nowadays attract researchers aiming to map the links between culture and business. It is argued that the culture and cultural heritage will become important aspects of tourism and regional development (Grundberg, 2002). There are several examples of one famous author, artist or celebrity attracting a great number of tourists and influencing the local/regional economy (Sillanpää, 2004). A famous artist can be a great economic asset for the local community even long after his or her death.

Another dynamic cultural centre is located in Överkalix-Ylikainus, just outside the multilingual region, where the Tornedalian author, priest and artist Bengt Pohjanen resides and produces books, theatre, operas, film manuscripts, lyrics, courses in creative writing, orthodox church activities etc. Pohjanen has for decades been writing in Meänkieli and Finnish and noticed early on that multilingualism promotes his concept of cultural business. He has also established a Barents literature centre which promotes creative writing and translation work in the Barents region.

The rising status of the minority language Meänkieli and Finnish means that the ecology of these languages and their associated cultures is slowly changing, and new forms of social and economic order can progress. The local revitalisation of minority culture is reflected at the national level by recognition in various fields: legislation, education, cultural support, media etc.

With a change in linguistic attitudes the integration of the border region brings a new process of cooperation. Pajala and the two neighbouring border municipalities have begun the integration of the three border municipalities, Pajala, Muonio and Kolari. The new relation to the Finnish municipalities is especially visible in the contacts between the cities Haparanda and Tornio, which are building a cross-border centre for both cities: Eurocity. With the new structure of public institutions it follows that the civil society is restructured and voluntary associations are also increasingly acting in an east–west direction, e.g. the local bandy association has been renamed as the Eurocity bandy club with sportsmen from both cities (NSD 041123). Even ethnic gender status faces a change. Earlier women from Finland dominated cross-border marriages, owing to the low status of Finnish-speaking men in Sweden. Women tended to marry a spouse with higher social or/and economic status. Nowadays a gender balance is in progress, meaning that more men from Finland marry a woman from Swedish Torne Valley (Winsa, 2001). This will improve revitalisation and east–west cooperation in social, cultural, political and economic fields. However, so far, language planning has been neglected as an instrument in regional development, e.g. all street signs in the border municipalities are in Swedish, and there has been no discussion on whether bilingual and trilingual public signs have any impact on tourism, cross-border development or civil society. The linguistic rights of multilingual minorities are often seen from juridical and cultural heritage perspectives rather than variables affecting cultural tourism.

The lack of websites and marketing in Meänkieli and Finnish is symptomatic of the whole Swedish Torne Valley. Although increasing but small numbers of websites do mention the minorities of the region, most do not market Tornedalians as a minority or the multilingual region as such. Meänkieli or Finnish is hardly mentioned. However, a small change is emerging even in public websites. One reflection of this is the website of the Swedish regional tourist office which mentions briefly Tornedalians as a minority and the multilingual region as such in its marketing of Norrbotten. The practice of discrimination
of Tornedalians has a long tradition in Swedish history (Winsa, 1998), but is slowly changing under the pressure of a new language and minority policy.

8 Conclusions

Without doubt, the recognition of the Saami and the Tornedalian ethnic identities has been an important spur to cultural development and to laying the foundation of the cultural and socio-economic infrastructures which integrate the indigenous and minority communities of the region into the formal and public domains of society. In this process the civil society of the multilingual region has been empowered and the region is given means to construct the public, social and cultural infrastructures needed to establish so-called ‘ethnic based’ businesses: indigenous, autochthonous and ecotourism.

Municipalities in the multilingual region with cultural production in the minority languages Meänkieli and Saami have also higher than average cultural production in Swedish (song, literature, theatre). Language policies favouring minority languages seem to support cultural activity also in the majority language, Swedish. Municipalities who are reluctant to support minority languages also have weak cultural production in the majority language.

Municipalities with institutionalised minority cultures and networks in civil society use these former stigmatised cultures and languages as instruments in economic development, especially in tourism. Minority cultures are increasingly integrated parts of tourism. Saami culture especially is generally exploited in Sweden, Norway and Finland. The enhancement of cultural and indigenous tourism is nevertheless in its infancy, and the Tornedalian minority culture is still a neglected resource for the tourist industry in general, despite major increase in cultural products. The former language policies of the Swedish state have most likely affected tourism negatively in the multilingual region.

The monolingual region has in total a higher culture index than the multilingual region, and about 50 per cent less unemployment. However, the multilingual region is clearly in a leading position in cultural production from the 1980s and subsequently. High cultural activity is seemingly reflected in the higher density of voluntary associations in the monolingual regions. Weak activity in civil society in the multilingual region can most likely be attributed to the former discriminative language policy of the Swedish government. We cannot, however, pinpoint a direct cause and effect between language policies and socio-economic conditions. Closer studies of the situation and comparisons with other minority regions might result in better statistical relationships between social capital and language policies.

Following the theory, the use of the minority languages in new public domains has empowered the ethnic identities and reduced ethnic stigma, which promotes cultural production in the minority as well as majority languages. We may expect that a language policy which enhances the identity of the minorities will in the long term produce increasing social capital and self-employment among minority members as well as among monolinguals. The established cultural infrastructures that in the civil society often bridge ethnic and linguistic borders transform the ethnic identities and create a potential for cultural tourism. It is from this perspective that we can understand, e.g., how the blooming tourist industry in the village of Jukkasjärvi, near Kiruna, has evolved.

The multilingual and cultural infrastructure is fragile but established, especially in Pajala. In Kiruna, the Saami culture has progressed sometimes in close cooperation with
the tourist industry – though much remains to be done. Saami language has nowadays lost much of its stigma, but the language shift has gone further and fewer and fewer people speak Saami. But the Saami culture is clearly different, has a stronger association with a particular ethnicity, and therefore is easier to promote in indigenous tourism. The new impressive and elegant Saami parliament will be the new landmark in Kiruna, attracting tourists and raising the image of Saami culture.

Cross-border development is in progress and new social, cultural, political and economic structures are slowly emerging. However the minority region has a weak economy, high out migration and high unemployment. The world’s northernmost IKEA opened its gates in November 2006 in Haparanda Tornio. It is expected that the establishment of the bilingual IKEA will create some 1000 jobs in the border region. Bilingualism will be a merit for many employees in all businesses attracting customers from the border region. The process of transformation of the social capital, developed in the cultural and ethnic movements into sustainable productive forces in entrepreneurship, education and civil and public society in general, is in progress. Even so, any correspondence between social capital, cultural activities and the economy is difficult to identify. The ethnic movement has, though, reached the minds of local, regional and national politicians, who have discovered that ethnicity and minority languages are important assets of the tourist industry and economic development. Minority cultures and languages must be given space in the public infrastructure and in the social domains of business.

Notes
1. Swedish statistics: www.norrbotten.se
2. Sweden has no population statistics based on ethnicity, though country of birth is often used in studies of immigrants. We do not know the number of Saami living in the region – only estimations exist. Sources: www.norrbotten.se, Statistics Sweden, www.scb.se, and www.skolverket.se.
5. All statistics on cultural production are population adjusted. Sources: www.fennica.net, SCB.
6. www.coe.int/T/E/Legal_Affairs/Local_and_regional_Democracy/Regional_or_Minority_languages/.
7. www. sweblul.se.
8. www.sametinget.se.
10. www.gellivare.se.
11. www.sr.se.
15. www.overtornea.se.
22. NU = Norrländsk uppslagsbok (Lexicon of Northern Sweden).
23. SFL = Svenskt författarlexikon (Lexicon of Swedish authors).
24. SLBA = Statens arkiv för ljud och bild (Music archive).
25. Written information from Bror Astermo.
26. Each respective municipality has provided lists on the number of associations. These were related to population statistics.
27. www.norrbotten.se.
28. Finnish regional policy differs greatly which means that Finnish Torne Valley has much higher unemployment than Swedish Torne valley.
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Torne Valley Theatre, http://www.tornedalsteatern.com
Torne Valley Tourism, http://www.arctic-circle.net/
Torne Valley Tourism, http://www.villipohjola.com/
Torne Valley Tourism, http://www.laplandfinland.com
Tourist portal, Norrbotten, http://www.norrbottenlappland.se
Introduction
This chapter reports the findings of ethnographic research conducted in Finland. Respondents describe changes brought about by European Union regulations and Finnish laws that lack cultural sensitivity, thereby transforming the nature of traditional Sámi entrepreneurship. Many of these indigenous people have had to start an additional business or work to make ends meet.

Context of our research
The Agder Research Foundation has studied why people in Lapland, the core region of the indigenous Sámi, start their own enterprises. The foundation has also examined alternatives whereby the government could promote more entrepreneurship. The findings concluded that there are significant differences between Sámi and non-Sámi entrepreneurs: the non-indigenous are more concerned about growth and they are more likely to have the skills needed to get growth in their business. In that study, the main reason to become an entrepreneur was to stay and live in the area and, in order to be able to do so, one had to start a business. One reason to start a business that the non-native did not give was to promote the Sámi culture, e.g., hunting / fishing-related activities.

In this chapter, we discuss findings of our recent ethnographic research. We discovered tension between Sámi people and Lapp men who also claim rights to the land. Respondents also revealed discontent with new regulation that hinders their traditional means of livelihood.

Theoretical framework
Central to Sámi culture is the enterprise of reindeer herding. A harsh climate contributes to uncertainty. Nevertheless the Sámi people have mastered the art, largely by following cues from the animals, rather than by exercising dominion over them. While entrepreneurship journals overflow with studies about immigrant self-employment, as well as mainstream entrepreneurs, these business journals have made little contribution to the understanding of Sámi enterprises.

Pioneers of entrepreneurship theory include Knight (1921), Weber (1930) and Schumpeter (1934). Knight argued, ‘When uncertainty is present and the task of deciding what to do and how to do it takes the ascendency over that of execution, the internal organization of the productive groups is no longer a matter of indifference or a mechanical detail’ (1921, p. 268). He then explained, ‘Uncertainty thus exerts a fourfold tendency to select men and specialize functions: (1) an adaptation of men to occupations on the basis of kind of knowledge and judgement; (2) a similar selection on the basis of degree of foresight, for some lines of activity call for this endowment in a very different
degree from others; (3) a specialization within productive groups, the individuals with superior managerial ability (foresight and capacity of ruling others) being placed in control of the group and the others working under their direction; and (4) those with confidence in their judgment and disposition to “back it up” in action specialize in risk-taking’ (ibid., p. 270).

Weber emphasised the value of time and argued that time is money. ‘He that can earn ten shillings a day . . . and goes abroad, or sits idle, one half of that day . . . has really spent, or rather thrown away, five shillings besides’ (1930, p. 48). He elaborated that, ‘Money can beget money . . . The more there is of it, the more it produces every turning, so that the profits rise quicker and quicker’ (1930, p. 49).

Schumpeter focused on innovation, ‘The carrying out of new combinations we call “enterprise”; the individuals whose function it is to carry them out we call “entrepreneurs”’ (1934, p. 74).

While such contributions have been central to the evolution of the study of entrepreneurship in mainstream society, these theses do not apply as well to the Sámi people. It is important to understand the context of enterprise, and the epistemology that surrounds it.

When René Descartes proclaimed, ‘I think, therefore I am’, he articulated a premise central to European and Euro-American epistemology, i.e., that the individual mind is the source of existence and knowledge; for other peoples, the individual’s existence is contingent upon relationships with others (Ladson-Billings, 2003). Likewise, the sense of identity and of land ownership reveals much about internal logic. An American says, ‘I am American’ and Europeans say that they ‘are’ European; a Sámi person typically says, ‘I belong to the Sámi people.’ While a Finn may say, ‘I own this land’, a Sámi living in Finland is likely to say, ‘My people belong in Lapland.’

As suggested by Anderson and Giberson (2003), it is a challenge to find a theoretical approach that is appropriate in the context of indigenous people. Aikio and Aikio wrote, ‘when studying the life of tribal or indigenous people, the interpretation of research results is often made according to the conqueror’s ethnocentric view’ (1989, p. 128). Blunt and Warren (1996) demonstrated that many programmes have failed to recognize the validity and effectiveness of existing social structures.

**Methodology: building trust between researchers and subjects**

The culture of the Sámi people, for outside researchers, is like a house – a respected community member must open the door, or else very little insight may be gained. If a member of the research team is not Sámi, then a väärti is necessary in order for research to have depth. A väärti is an individual accepted by Sámi society. It is important that the väärti is respectful and trusted not to use acquired knowledge of the Sámi people against their best interest, as this person is now viewed as a loyal representative (an interlocutor) of Sámi society.

Liisa was the väärti for our research team. She has always had an affinity for Lapland and was a regular visitor of the region for many years. She has fished many times at the Teno River and even earned herself the endearing nickname ‘Luossa–Liisa’ – the one who caught the big salmon. She has many Sámi friends and was easily able to contact respected community members in each area where interviews and observations were to be carried out. It was also she who organised the schedule of research interviews, discussions, home-stays, organisational visits and parliamentary participation.
Knowledge within the Sámi culture is socially derived through much discussion: the words ‘I’ and ‘you’ are rarely employed in the divergent dialects of the Sámi language. Consequently, researchers must be conscious that the means of gaining knowledge, for research purposes, must be in line with this collective-based concept of knowledge that may only be gained through lengthy and unhurried discussions. Being in a hurry or trying to speed up discussion only violates Lapland’s eleventh commandment and will barely yield superficial information. During discussions, an interviewee generally gives a point of view that is held by a majority of his/her community, a view that has previously been discussed and agreed upon. There are many truths within each area of discussion and if an interviewee says something like ‘it is by that way, but . . .’, then a researcher is reminded that the next discussion will be the individual’s own thoughts on the subject matter.


Liisa Remes and Merja Kilappa carried out the interviews in Finnish. These were recorded, with the permission of the interviewees, and later the tapes were transcribed and translated into English. The findings presented in this chapter were then back-translated to Finnish to ensure consistency of interpretation.

Reindeer marking

Every year the ears of calves are engraved with the owner’s mark (see Figure 22.1). People know the marks of their family, relatives and of other people in the paliskunta (a group of reindeer owners in a certain area). The marks are done by hand with a special marking knife or with a tool that was originally designed for cow herding, the latter of which is rarely used.

Calf marking is generally done at midsummer, which coincides with the mosquito season. Although mosquitoes are quite unpleasant for humans and animals alike, they do aid the herding process by forcing the reindeer to group together. Dams (female parents) and calves are then led by men to the reindeer fence. Earlier the herding was done on foot but today motor-vehicles are used. Once they are inside the fence, a coffee break is taken. Dams and their calves tend to gravitate. This allows owners to identify their lot and hang a numberplate around the calf’s neck. Women are usually bookkeepers for this procedure. The state and the European Union dictate that records be kept. Society controls the process quite well and, if there should be a conflict regarding the question of ownership, an outsider to the family will be the arbitrator. The owner, or a family member, then marks each calf. The whole family participates in the process, from very young children, boys and girls alike, right up to the elderly. Women are treated equally in this environment and do much of the laborious work as well. If, for a reason, someone cannot do his/her own markings, a family member will carry out the task.
From the point of view of unseasoned markers, this task is quite arduous. Bringing a day-bag, for an event that goes on for many days, is not sufficient. It is lucky that in June and July the sun barely sets in this part of the world and therefore one loses track of time.

**Changes in reindeer herding**

In its early days (and up to the 1950s), reindeer herding involved an outdoor (somewhat) nomadic migration, carried out either on foot or on skis. People lived according to the
movements of their reindeer, following them into the mountains or wetlands and setting up their tents nearby.

In the 1960s, great changes and efficiencies came with the introduction of the snowmobile, which took away the need to be within walking or skiing distance of the herds (Müller-Wille and Hukkinen, 1999). On the other hand, these snowmobiles required cash to buy and maintain them. A formerly cashless economy was pushed into an industry that now viewed reindeer herding as husbandry. About ten years after the introduction of the snowmobile, reindeer herders moved into stationary homes, financed by the state. The size of the herder’s house was determined by the number of children. Today, these children have grown up, leaving parents with relatively large family homes, now rather empty.

More changes with European Union policy
The accession of Finland to the European Union (EU) resulted in even more changes, the latest being the introduction of Value Added Tax (VAT) to reindeer husbandry. The paperwork requirements alone appear to be a burden on herders.

Formerly, animal husbandry was considered to be a subsistence economy; under recent legislation, reindeer herding is defined as a form of entrepreneurship, and taxed accordingly. Another change, directly attributed to EU policy, and with far-reaching economic and non-economic repercussions, is the legislation surrounding the slaughtering of animals. Many herders have expressed concern about the effects of such policies, with regard not only to logistics, but to the environmental impact as well.

According to locals, policies are determined in Brussels, by people who may have never even visited Lapland. One of the decrees of the new policies is that all reindeer must be slaughtered centrally in slaughterhouses accepted by EU regulations, as earlier they were slaughtered outdoors in the extremely cold wintertime. Reindeer are often badly hurt during the transportation and that is why skins are not as good for art purposes as they were in former times. It is widely wondered at that the blood of reindeer is transported, to be got rid of, to Jyväskylä, a town located 800 kilometres away from Lapland, as it is defined as problem waste. Although on paper this makes economic sense for the distribution of meat, herders are troubled by the handling of the waste. Prior to joining the EU, all of the animal’s parts were being utilised: the bones to make tools and accessories, and the blood was poured back into nature where it brought important nutrients to the soil.

Many herders, in interviews, expressed concern about the way their income is being controlled by such new policies. When barter was the norm, necessities were easily obtained. Now, with income in the form of the euro, and then having to pay taxes, many need to find other means of income generation to continue their ‘traditional’ lifestyle.

Gaining knowledge in Enontekiö: a municipality of diversity
Enontekiö lies amongst the highest mountains in Finland and is a close neighbour to Norway and Sweden. The name of the municipality means ‘the one who gives birth to big rivers’ and the springs of the Tenojoki and Ounasjoki, two of Finland’s longest rivers, begin here. Enontekiö has two main centres: Hetta and Karesuvanto. The former borders Norway and the latter is situated across the river separating Finland from Sweden. The Sámi people of Enontekiö are part of the same peoples as those who live in the Kautokeino area of Norway. In the past, reindeer grazed on either side of the border. Today, the state’s reindeer fence separates the Norwegian and Finnish herds; however
relatives still cooperate actively despite this state line. Furthermore, many of the Enontekiö Sámi work and study in Norway as education and jobs are more readily available in that country.

Various projects are being developed to enrich the livelihood of the people living in Hetta by drawing on the area’s natural strengths – the mountains and the springs. The goals of the projects are to complement these natural wonders, for example with tourism-related businesses, natural health products and traditional handicrafts. Many entrepreneurs in Hetta are involved in such projects. One of the main projects is headed by a Sámi woman who also holds a seat in the Sámi parliament. She was the one who opened many doors into the lives of Enontekiö’s Sámi people for this research project. Prior to commencing our official interview program, thoughts were shared by this woman. She knows that her people are capable of creating new and sellable products, but she worries that they do not have the skills to market such products. Although training is a solution, it seems as if there is resistance to learning the techniques necessary to develop this side of the business. A project is currently being developed to address this issue; however, the fact that Finland has a well-developed welfare system is hindering initiatives. As reindeer herders are given handouts for most of the year, there is little incentive to make an effort to change the status quo. An interviewee asks, ‘Why should they do anything to make money on their own, when they are given money for doing nothing?’

Toward the end of the twentieth century, the ‘Sámi question’ arose and was decidedly a ‘hot potato’. The most heated discussions surrounding the issues took place in Enontekiö. A law had been passed that promised certain rights to Sámi living in Lapland. This prompted some non-Sámi, living in the same area, to demand the same rights as Sámi. The question of Sámi heritage was now put on the line and was rather difficult to resolve as the Sámi people now speak Finnish: they were forced to study in the state schools where speaking the Sámi language was, at one time, forbidden. Sámi people nevertheless wore traditional garments. These garments are now also worn by non-indigenous, Finnish ‘Lapp men’ (as they call themselves today), who explain how their roots are deeply embedded in Sámi culture. They base their argument on an event that happened in the sixteenth century, called isojako: the division of land. Through isojako, Lapp families were able to own Sámi land. During our research, this issue surfaced a few times and, at one point, a Sámi woman wished to discuss ideas in her native language. As she began, a Lapp man cut her off and denied her right to speak a language that others did not understand (and he did not mean the researchers). This man then proceeded to speak to us, explaining his party’s rights and demands, under the guise of being also defined as Sámi. At this point, we were advised not to define our research as Sámi or Lapp entrepreneurship, but rather to write of it as the entrepreneurship of the people of Enontekiö. In this municipality, many are afraid of the conflicts that blow up between the Sámi and Lapp men. These sparks can easily ignite into huge flames again, a caution for our subsequent interviews. The stage was set and as researchers of culture we needed to be aware of the sensitivities of certain issues and naturally did not want to be a ‘match’.

First discussions: a journalist and municipal guide
Prior to our arrival in Karesuvanto, invitations were sent to local entrepreneurs to come, voluntarily, to meet us and discuss issues surrounding Sámi entrepreneurship in the region. Two people showed up and neither was part of our target group. One was a journalist who
came in order to write a news article about our research study; the other was an agent sent by the municipal government in order to ‘guide’ us while travelling in the region. As no entrepreneur showed up, both were happy to provide some background regarding Sámi-ness and the development of the region’s occupational structure. Among other issues, the lack of profitability of many of the current regional projects was brought up. It was also concluded that policies regarding Sámi-ness should be developed in line with related cultural activities.

Restaurant owner and inn keeper: versed in languages
A wonderful twist of fate brought about our first interview with an entrepreneur of Karesuvanto. This took place at a local restaurant/inn, recommended to us by the appointed municipal guide. The restaurant was not busy as the tourist season had not yet begun. After a delightful meal of reindeer meat and potatoes the entrepreneur agreed to an interview, in English. He had been around the world and had learned many languages which he realised was a substantial asset for his hotel/restaurant business. Word-of-mouth spreads quickly around the world when a good tourist service is provided, and he has profited from this fact.

This Swedish-born entrepreneur owns and operates a hotel in Finland, simply to supplement his traditional form of income. He explained that he was ‘pushed’ into the business, as traditional reindeer herding did not provide the cash necessary to maintain the standard of living that he chose for himself. With only a seventh grade education, he was not qualified to engage in professions requiring additional skills, and he did not want to be involved in unskilled labour outside of Lapland. Thus he was the owner and manager of a hotel, ‘by necessity’. In his fifties, his five-year plan was to sell the hotel, pay back his bank loan and become a full-time herder, supplementing his income with the proceeds of the sale of his hotel. He had no desire to expand his present business. He knew that with a reindeer herd that birthed 500 calves annually, he could slaughter 300 reindeer a year and live well, without the administration of a hotel.

Reindeer herding couple: clarifying the basis for Sámi entrepreneurship
We were given the splendid opportunity to stay with a traditional herding family in Hetta, who allowed us into their home and shared many of their thoughts on life, business and their culture. During the day, we were acquainted with various entrepreneurs in the region and in the evenings, over much food, we discussed our observations and findings with the family, who, when necessary, gave us background information or expanded on our findings.

The elderly couple had no formal education and had learned animal husbandry, as children, during the 1940s. Like their parents, who served as mentors, they too were subsistence reindeer herders. They always lived in Finland, but they recalled, smiling, that they used to travel to Sweden for the sole purpose of purchasing matches, with which they could light fires. They lived in a tent until 1965, at which time they settled into the permanent house they are still living in. They both expressed the wish to be traditional reindeer herders forever as it made them feel respected. They repeatedly complained that the European Union impeded the survival of traditional methods. They also said that, although technology has certainly facilitated transport, life was much better prior to having to find means by which to pay for the convenience of technology. They criticised the government for its interventionist policies and said that it was unfair of the state to
force a herder to retire at any age; they perceived themselves as fit to work and earn an honest living. They did not want to be dependent on an old-age pension for survival. They also complained that the new legislation allowed only one of their offspring to inherit the family herd, thereby depriving the others of their traditional birthright. They explained that, in former times, nobody needed to borrow money, but now it is commonplace. More recently, they learned to mistrust non-Sámi Finns: sales had been made for which they were never paid. This, we were told, would not have happened under an exchange economy.

The wife took out photo albums to show us pictures of the life they lived and that of their relatives. Some of the photographs were old and tarnished. Several of these depicted a mountain hut, in which the family lived in former times, during summer periods; related memories for this couple and for their offspring were warm, but there was sadness at the thought that their grandchildren would never experience a mountain hut and the intimacy that it presented.

The collection of photos illustrated generational change and the evolution of the family business, since the migration of the extended family with their reindeer. Photos of weddings were numerous and these led to a discussion about traditional matchmaking; marriages were organised so as to preserve traditional patterns of animal ownership. Other pictures illustrated the participation of children in the task of separating adult members of the herds from young calves which were to be earmarked according to ancient tradition. Involvement of youth in activities revolving around reindeer herding is still very important; however formal education does not teach these valuable skills. This responsibility belongs to the family. When schooling has been completed, young Sámi people often move away from their family in search of higher education or employment. Many do so because laws prevent more than one sibling inheriting the herd.

A final discussion with this couple revolved around the price of reindeer meat. They said demand was so low that a kilogram was selling for about five euros. When asked about the supply side, they estimated that annual production amounted to 300 grams per Finnish citizen.

Father and son team
A 47-year-old father explained how he loved herding because of the freedom and lifestyle it allowed. He acquired his herding skills from his father and in turn shares his passion with his 12-year-old son, who is also determined to have the same profession. Both owned their respective reindeer, but they always worked as a team, except when the son was at school. Their goal for their business was to make ‘just enough’ money to live and they both thought that those who yearned for a lot of money were missing out on a wonderful lifestyle. Nevertheless they acknowledged that it was difficult to make ends meet solely by herding; they therefore made supplementary cash by using antlers to make key chains and bottle-openers. These were sold largely to Swedes and the extra income paid for modern technologies: a mobile phone, a computer and Internet access. This herder’s wife drove a taxi, in the non-marking season, to bring currency to the family’s coffers.

Entrepreneurship in Inari
The municipality of Inari (called Anar in Sámi) has two main centres: Inari and Ivalo. Ivalo is the larger, more lively city, has more commercial enterprises and houses, and the airport. Inari, in contrast, is more of a cultural centre and is where the Sámi parliament
and the Sámi museum, Siida, are located. This municipality is putting much effort into business development and is trying to make the process as easy as possible. The town of Saariselkä, for example, has organised a marketing cooperative linking entrepreneurs so that tourists can view all their holiday options in one place. The organisation also hosts an informative website.

Our guide at Inari was a very well-respected Sámi herdswoman, whose mother taught traditional handicraft making and was also very well-connected. In addition to tending to her herds and raising two young boys, she sold alternative healing therapies to supplement her income. She welcomed us into her home where we stayed while meeting many of the local entrepreneurs.

A Sámi kindergarten
There are four dialects in the Sámi language; they differ so much that, at sessions in Sámi parliament, simultaneous translation is required. Many people in Inari no longer speak their dialect. This fact created an opportunity for three Sámi people to establish, with cultural funding, a Sámi kindergarten in Inari.

While funding was received, the enterprise operated independently and many children attended the school. Now, however, the funding is no longer available to this entrepreneurial trio and so the organisation is now run under the municipality, making the original owners employees. During the interview, it was said that the entrepreneurial spirit of the organisation has been lost owing to the resulting politics. The interviewees are currently exploring other possibilities to try to gain back control over their business.

Professional Sámi artist
In many respects, Inari could be called the centre of the Sámi handicraft industry. The Sámi Polytechnic Institute has courses, the Sámi museum displays and sells handicrafts and there are many traditional Sámi handicraft retail outlets in this municipality. Many Sámi still wear their traditional costumes, especially at formal gatherings, and, for these, jewellery is essential. Gold and silver are panned in the region and at a silver mine in Lemmonjoki (meaning the River of Love) in Finland.

We interviewed a very talented and educated silversmith (see Figure 22.2) who is self-employed in Inari. He was dressed in full Sámi costume and was a well-respected member of the Sámi community. Materials used for his crafts, all quite artistic, were reindeer bone and leather, silver, gold and wood. Prices for his products were quite high and he explained his rationale. The burl he finds in the forest was once part of a tree that may have lived in the forest for over a hundred years. If he sells his products at low prices, he most certainly will sell many. However this would send a message that natural materials in Lapland are not valuable resources and, thus, land in Finnmark would be ruined very quickly by (his interpretation of greed in) western culture. He feels that, in his own way, he is doing what he can to prevent unnecessary depletion of resources. When people pay more for objects, he says, they will value and take care of them. He hopes that more people will one day feel this way.

He also explained that Sámi people, traditionally nomadic, carried their wealth on them, in the form of jewellery. Such pieces are light to carry and easily exchanged when necessary. In the past, each piece of jewellery had high value attached to it for exchange purposes. Over the past 50 years, such barter is no longer common.
Figure 22.2 Explaining one’s rationale (photo by Léo-Paul Dana © 2005)
This man ended his interview by saying that many of his customers come from other parts of Scandinavia and around the world specifically to purchase his pieces of art. He has, in fact, held numerous art exhibitions around the world, and can sustain his business because of his reputation and values.

Entrepreneurial couple by the Lemmenjoki River

A Sámi man and his Finnish wife (see Figure 22.3) run a multifaceted tourist-related business out of their home which is situated beside the Lemmenjoki River. He became a wilderness guide simply by identifying an opportunity which he could easily make a living out of. She makes unique interior decoration items, including murals and home textiles, out of reindeer skin, lamb’s wool and natural plant dyes which she blends herself. She also teaches groups of tourists in her studio and has turned a large living area in their home into a display/sales room.

Their house, now with added rooms, was the husband’s traditional family home and is situated right next to the state-protected area of Metsähallitus. It is said that this family’s enterprises have *elämyspalveluyritus*, meaning services containing strong positive feelings...
based on environmentally sound strategies. The wilderness tours are not focused on ‘extreme sport’ ideas. Guests are taken in boats along the river to fascinating spots where nature has largely been left untouched. They also witness how materialism has ruined the Lemmenjoki canyon, this was largely due to the droves of gold prospectors who excavated the area without much thought for the environment.

When listening to this couple speak, the spirit of entrepreneurship is vivid. The wife has just been to Japan with pieces of her collection and never stops explaining how only natural materials have been used. The husband adds, however, that these businesses are secondary to their reindeer herding: he only gives tours and she only works on her crafts when the reindeer do not need the family’s attention. She closes the interview by stating that it is, after all, the reindeer who are the basis of the inspiration behind her works of art.

**Independent entrepreneur in Inari**

A tourist shop owner agreed to meet us in his home in Inari. In his house, a modern dwelling, there were many trophies he had won. Over coffee, he discussed reindeer herding as his passion and said that his tourist shop was merely a secondary profession. He said that he has stayed in the region to honour his family. Throughout the interview he was very enthusiastic about discussions around reindeer herding but carefully worded his answers regarding his business. When asked why he was so silent regarding the reasons behind his success in business, he said that it was out of fear of arousing jealousy. Later we visited his shop on our own. It was the largest one, by far, and had a thriving restaurant and many clients.

**Vuotso**

What makes Vuotso unique has to do with human intervention. Over 30 years ago, huge artificial lakes were built to increase electricity production in Finland. As a result, Sámi families and their reindeer herds were forced to relocate. This caused huge difficulties, including the fact that many reindeer drowned as their normal migration routes were disrupted by tens of thousands of hectares of area now submerged by water. The state supported the Sámi people by giving them loans to build their new homes. As a result, the notion of reindeer farms was born.

**Sámi family entrepreneurship in Vuotso**

A Sámi woman entrepreneur set up a wilderness guide service at Saariselkä, the famous sport and recreation centre of Lapland. Although she is the owner, her husband and four children all help to run the business. They provide snowmobile and reindeer safaris, teach guests how to catch reindeer with *licens ja suopunki* (a lasso) and have a catering service. Guests generally fly into Ivalo airport on charter flights and often hear about the services through the Saariselkä coop. The family owns two large *kota* (wooden tepees) with no electricity and where food is cooked on a wood fire. Yoik singing to the beat of the shaman drum is always a lovely part of the experience; this traditional chant, spelled ‘joik’, is pronounced ‘yoik’.

The husband was happy to discuss how much they want to offer something that really demonstrates the unique spirit of a Sámi family. Tourists do not come to see Santa Claus at work, they participate in the life of a reindeer-herding family. The wife has this spirit deeply embedded; she also works as a shaman and energy-healer and is much sought-after for her skills in the international arena. She is quick to point out that she does not like to
be put on show like a Sámi doll for tourists to look at, just for the traditional outfit she wears. What she offers is a full experience to have outsiders understand the Sámis’ way of life, their values and their principles. She feels this is especially important for mainstream Finns to come into contact with, so that they have at least some idea of how other cultures live. Positive experiences change perceptions.

**Entrepreneurship at Utsjoki**

Utsjoki lies on the Finnish side of the Norwegian border, on the Teno River. There are two main centres here: Utsjoki, the main one, and Nuorgam. The Sámi living in Utsjoki make their living from salmon fishing, related river tourism activities, natural resources and crossing the border to work in Norway. Reindeer herding is also important here, but the salmon industry takes priority during the spawning season. Hence, while Sámi in other regions mark their calves around midsummer, those in Utsjoki perform this task in the autumn once the salmon have passed this section of the Teno River.

**Jack of all trades in Utsjoki**

Our guide in this municipality was a Sámi man who owns a taxi business, runs a tour operation out of his boat on the Teno River, catches salmon and herds reindeer. Upon our arrival he was busy with a tour and so our guide from Inari stayed with us and introduced us to many women as her friends. We participated in one of her sales events for the alternative therapies that she promotes. When our Utsjoki guide was available, he contacted us by mobile phone and invited us to his laavu (a type of wigwam) which had been erected just by the river. Through this action, he demonstrated to other Sámi that he had accepted us, thus facilitating our interviews.

**‘The river is my ABC’**

Just by the Teno at Nuorgam there lives a Sámi man whose family own much of the land bordering on the shore. He owns a camping ground where fishermen rent cabins, park their camper vans or set up their tents. There is no advertising done and not much available in the way of comfort: he says that people coming from the south of Finland need more of such character-building experiences! Tourists are not allowed to net-fish at all, but they may line-fish six days a week from the shore, only after the rights of the locals, fishing first, have been taken. Non-locals, however, are not allowed to fish from boats, unless accompanied by a local. This is an opportunity for locals to do business. The tourist fishing season lasts approximately three months but the best fishing takes place over a one-month period, after which hardened fishermen travel to the smaller rivers of Norway.

This particular Sámi man takes tourists to fish on the Teno every year and says that the river is his ABC: the most useful and important book he ever read and, in fact, he says, he has never read another as useful since then. He knows a great deal about the river and is passionate when speaking about its qualities. In the summer, his family earns money from salmon fishing and boat tours; in the autumn, from picking berries and selling willow grouse to restaurants, in addition to reindeer herding and slaughtering. They also have a family business of renting cabins and camping land for tourists. During the winter months, he works at a meat factory in Norway, just until the ice of the river begins to melt and salmon fishing is once again possible.
Yoik singer
The daughter of a traditional herding family chose to pursue a career as a self-employed yoik singer. She started to sing as a young child and knew there were limited opportunities at home. She loved the traditional way of singing and pursued this avenue even against the will of her Christian grandmother who claimed that yoiking is a sin (a notion taught by the early missionaries to Lapland). She was determined to carry on Sámi traditions and live in Lapland. The Warner Music Company has signed a contract with her and she has cut three CDs that have sold well on the international arena, especially in Norway, Sweden, the Netherlands, Japan and England. It was by learning about her people’s past that she came across an opportunity for the future, which has allowed her to stay in Lapland and raise her children with all the traditions she grew up with.

Municipal Sámi intrapreneurship
Many young Sámi leave Lapland in search of employment. We tracked down one young man who was able to stay in Lapland (in Inari) and head a development company called InLike. Its mission is to create work and subsistence for the inhabitants of Inari through a diverse range of businesses in the field of Arctic nature tourism, new technologies and natural resources in Northern Lapland. The company uses traditional entrepreneurship principles in order to stimulate innovation in the area. It has also done a thorough SWOT (strengths, weaknesses, opportunities and threats) analysis in order either to match present competencies or to develop them to take advantage of opportunities.

Conclusion
‘Faced with differing national policies, the Sámi, or Lapps, of Sweden, Norway, and Finland have had difficulty in forging a united front to protect traditional activities undermined by the resource-development projects of their governments’ (Judge, 1983, p. 149).

‘They want to develop, most Sámi say, but not as Norwegians, or Swedes, or Finns’ (Vesilind, 1983, p. 194). Jääskö (1999) observed, ‘the commercialisation and centralisation of meat processing (including slaughtering) causes a decrease in numbers of people practising a reindeer economy as well as a decrease in opportunities for other local people to benefit from raw materials from reindeer. Not only does it result in reduction of jobs, but in impoverishment of the culture as well’ (pp. 37–8).

As argued by Helander, ‘the time is ripe for a new paradigm when looking at the issues of indigenous people’ (1999, pp. 26–7).

Our team tried not to be ethnocentric and too ‘Western’ in our thinking and approach because we believe that, if Sámi entrepreneurship is interpreted through Western thinking, the Sámi approach to self-employment risks being misunderstood. We feel that mainstream society has much to learn from the Sámi people and a prerequisite to learning is open-mindedness.

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An ethnographic study of entrepreneurship among the Sámi people


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The Komi belong to Finno-Ugric people of the northeastern part of European Russia. There are two branches of the Komi, Komi Zyrians and Komi Permyaks, which are regarded as linguistically and ethnically separate groups. The Komi live in different parts of Russia; in the Republic of Komi, the Nenets Autonomous Okrug, the Arkhangelsk Oblast and the Murmansk Oblast. There are also small Komi groups in the Siberian part of Russia. In the Russian Federation’s legislation the Komi are not recognized as belonging to the category of the Small Peoples of the North owing to their relatively large number, about 490,000. The Komi republic has, however, been accepted as a member of the Barents Region in 2001. In this short chapter I will concentrate on the Komi who have lived in the Kola Peninsula since the end of the 1880s.

The arrival of the Komi in the Kola peninsula
The reasons for the diaspora of the different Komi groups differ from each other. In the nineteenth century on the European side of the tundra, in the present-day regions of Komi and Nenetsia, there raged a reindeer pestilence that carried off thousands of animals and polluted the pastures for years ahead. The inhabitants of this region, the Komi, or Komi-Iz’vatas, as the Komi of the areas around the lower course of the River Izhma were called, had to try to find new, unpolluted pastures for their big reindeer herds. The Komi Iz’vatas were regarded as good reindeer herders and clever traders. They had adopted reindeer herding from the Nenets. Gradually the Nenets had fallen deeply into debt towards the Komi traders, whose articles were expensive to buy and who paid a low price for the reindeer meat of the Nenets. Poor Nenets had to work as reindeer servants for the Komi.

The reindeer husbandry practised by the Komi aimed to produce and it was a productive industry. The Komi started industrial forms of reindeer husbandry. The Komi processed the reindeer skins into valuable chamois leather. Being traders, they also sold reindeer meat and thereby made profits. When, for example, reindeer plague destroyed a herd, the Nenets had no possibility of buying new reindeer, because they did not accumulate money as the wealthier Komi did and they had to work for them (Lehtonen, 1977: 78–86.)

Some of the Komi had heard about the Kola peninsula and its almost untouched reindeer pastures. The Kola Peninsula was, however, located far from their former pastures and the risks of losing the whole reindeer herd during the trip were great. Two rich reindeer owners, Polikarp Rotshev and Ivan Terentiev, with their families, set off for the Kola peninsula. Other families joined them, so that, altogether, 65 people were included in this group. Their herd consisted of 9000 head and they had a few Nenets as hired servants. In the spring of 1884, they crossed the White Sea at Kandalaksa when the ice was already weak (Bryleva, 1996: 160–61). In winter 1886–87, they arrived at Lovozero, where there lived altogether 30 Sámi families comprising in all 118 people. During a troublesome trip
the reindeer herd had become smaller by three thousand animals. The immigration of the Komi continued slowly as another epidemic raged over the Bolshezemelskaya tundra in 1886, after which the Komi once again set out with their reindeer herds. At least some of them crossed the White Sea from Arkangel by ship, because the mother of one of my informants had been born on the ship. In addition to Lovozero, later the Komi settled down also in other villages, for example in Tshalmy-Varre. The Komi built villages of their own: Krasnosheleye in 1921 and Kanevka in 1923 (Kiseliov and Kiseljova, 1979: 5; Krasnosheleye 80 let sele, 2001: 1).

The history of the Komi shows how adaptive they have been, because in one hundred years of diasporas they managed to become a bigger group than the indigenous people of this area, the Kola Sámi. Today there are about 2200 Komi and 1761 Sámi living on the peninsula. The Komi settled in the peninsula without the permission of the authorities. Despite opposition by the Sámi and complaints made by them to the Tsar, the Komi settled down in Lovozero on the other side of the village and the River Virma from the Sámi. In 1897, there were 116 Komi and 35 Nenets living in Lovozero, but by 1915 the number had increased to 493 Komi out of a total population of 690.

The Komi were able to adapt themselves to the new place to live in spite of the fact that the new pastures differed from the ecological conditions of the former home area. The adaptation was helped by the fact that the reindeer of the Komi utilized nature in a different way from the small herds of the Sámi, who let their reindeer roam free in the summer time when they were keen on fishing. When the Sámi complained about the arrival of the Komi, the Komi took advantage of the situation at the time. They built for themselves big, two-storeyed houses, saunas, granaries, warehouses, sarai (storage or warehouse) and even chamois workshops. They sold their own and the meat, skins and chamois bought from others both to Finland and to St Petersburg. The good economic situation of the Komi helped their new position in the community and they used it diplomatically also for the benefit of the whole community. When the Church of Lovozero was burnt down, the wealthy Komi reindeer owners made donations of both money and timber to rebuild it and to establish a school. In addition to money alcohol also was used to placate the Sámi and civil servants and it facilitated the settling of Komi in the village (Bryleva, 1996: 163–4).

Relations between the Komi and the Sámi have been described as poor. In fact the two groups for a long time lived apart from one another, tending their herds separately each after their own fashion. However the influence of the Komi is demonstrated, for example, by the fact that the traditional Sámi village of Tshalmy-Varre was renamed Ivanovka, after Ivan Ivanovits Artevin, who was the first Komi to settle there. The Komi indeed were invaders and they were stronger than the Sámi in many ways. For example, the Komi were later better represented in the administration at all levels, both the local and the regional. Komi also had better positions in the sovkhozes administrations and in the Lovozero raion (administrative region), because they were politically and socially active (Sergejeva, 1995: 77; Bryleva, 1996: 165; Gutsol and Patsija, 2000: 70–73).

The influence of the Komi people on the Kola Sámi culture
As indicated above, the Komi and the Sámi actually lived for a long time apart from one another, herding their herds separately each after their own traditions. The Komi, and the Nenets who had accompanied them as servants, gradually exerted an influence on Sámi
culture. This influence became stronger with collectivization in the 1930s, as Sámi and Komi were forced to live and work in closer proximity to each other. The Komi and Nenets’ influence is particularly apparent in reindeer herding, clothing and means of transportation. The archaic, semi-pastoral reindeer herding practice of the Sámi then turned into large-scale reindeer husbandry in which the main emphasis was on productivity.

The Komi were not only wealthy and skilful reindeer herders but also clever traders. As mentioned above, the reindeer husbandry practised by the Komi was based on the maximization of profit. They practised large-scale reindeer husbandry and herded their animals all year round. The size of the herd was increased, and reindeer were raised for slaughter. The growing herds required bigger pastures. The Sámi herds were much smaller and, since the animals grazed freely in summer, they tended to end up in the herds of the Komi.

V. V. Tshernoluski (1930: 67–75) reported in the 1920s that the Komi way of herding reindeer was destroying the lichen pastures. According to Tshernoluski, the Komi kept their reindeer like cows. Because the Komi took over the big pasture lands, the Sámi had to adapt themselves to the situation and had to change their migration routes. According to the information acquired by Tshernoluski, all the traditional Sámi villages on the Kola peninsula, except Semiostrove and Jokanga, had already begun to tend their reindeer in the Komi way in 1927. According to Nikolai Konakov (1996: 80), the Sámi gradually became convinced of the better and more efficient reindeer management of the Komi and they began to herd their reindeer more carefully when their herds increased. Also the Sámi had to begin to keep an eye on their herd better, so that the reindeer would not escape and mix with the bigger herds of the Komi. Those reindeer whose earmarks proved that they belonged to the Sámi could be repossessed, but it was not easy to find one’s own animals in a herd of a thousand head. This phenomenon of smaller herds being absorbed into larger ones has also been used elsewhere as a weapon in pasturage disputes.

The sledge used by the Sámi as a means of transport was exchanged for the Komi’s high sleigh (sani) drawn by a team of three or four reindeer. The Sámi gave up their reindeer hide fur coat in the 1920s, when the maalitsa, a hooded, cloth-covered fur coat without a front opening, became common. Komi and Nenets’ models and decorations for reindeer hide footwear and leggings were also borrowed. (See Luk’yanchenko, 1971; Lehtonen, 1977.)

When later the reindeer management was collectivized, the more productive way of reindeer herding by the Komi was brought into use in the collective. However it had to be given up in the 1950s because the pastures became overgrazed. The herders therefore returned to the old Sámi way of reindeer herding, which allowed free pasturing during the summer by the coast or on the tundra, so the reindeer did not trample the important winter pastures during the summer.

The survival of the Komi

Why did the Komi manage so well during the diaspora to the Kola peninsula? Several researchers have given explanations for this. The Komi, besides being rich and very good reindeer herders, were also clever traders. They have been characterized as very adaptive, loyal, energetic and unscrupulous. According to Seppo Lallukka, who has studied the Uralic people, the Komi of the Kola peninsula could retain their own individuality because most of them kept to their own economic activity, reindeer herding. The majority of the
Komi on the Kola peninsula have lived in the rural areas, and there are fewer mixed marriages than among the Sámi people (Lallukka, 1990: 131–5). Until well after the Second World War it was not considered suitable for the Komi to marry a Sámi. The disagreements between the Komi and the Sámi and suspicion towards another group were also reflected at school, because at the school in Lovozero, for example, in 1912, there were 28 pupils, only five of whom were Sámi and 19 Komi. The Sámi did not want to let their children go to the same school as the Komi children (Kozmin, 1912: 133–4).

During the collectivization period the Komi suffered much, because they were among the richest reindeer herders. Those not participating in the collectivization had to pay very high taxes. Furthermore they were paid a lower price for their products, if they could sell them at all. The owners of the most numerous reindeer herds slaughtered their stock in protest (Slezkine, 1994: 192–93). Since Komi people owned big herds, they were regarded as kulaks, rich exploiters, and had to suffer from not having consented to hand over their reindeer voluntarily. Those considered kulaks were taken to work camp or prison, or lost their lives.

The current situation

Being a small minority on the Kola peninsula, the Komi face similar problems to those of other ethnic minorities and as the Sámi and the Nenets. In addition to economic problems there are also cultural, political and social problems. The share of the Nenets on the Kola peninsula is so small (under 200) that they are not regarded as a proper minority because of their history which has tied them together with the Komi. For example, the Nenets had already assimilated linguistically to the Komi before their arrival in Kola.

The Komi live mostly in rural villages in the eastern parts of the Kola peninsula. Krashnoselye, Kaneva and Sosnovka, for example, are regarded as Komi villages. In these villages, in addition to Lovozero, the biggest reindeer herding and fishing sovhozes have been situated. Working together in the same brigades and living together in the chums (tents) and cottages has, for their part, helped co-existence and increased the mutual understanding. Many Sámi learned Komi and vice versa. The disappearance of the language is shared both by the Komi and by the Sámi.

In 1991, a Committee for the Revival of the Komi people was established in the Komi Republic. The Committee has worked actively for the improvement of the status of the Komi people in the Republic and it has an official status. For the Komi, the question of language is very important, and over the years much attention has been paid to language use and education. Komi people living outside the Republic do not have official indigenous status, but people’s awareness of their own culture has been increasing. An association to unite all Komi-Iz’vatas living in the different parts of Russia was even established at the beginning of the 1990s. This association has a division on the Kola peninsula (Bryleva, 1996: 169). The Kola Komi have re-established contact with the Izhma region and they have taken part in different cultural programmes in the Komi Republic.

The situation of the Komi language is even worse than that of the Sámi languages, because the language spoken by the Kola Komi is based on a dialect of the Iz’vas. There have been Komi language lessons in the schools of Lovozero and Krashnoselye, but a big problem is the lack of written material. In a few villages, Komi have their own folklore groups (for example, in Lovozero and in Krashnoselye). There is even a small Komi section in the local ethno-cultural centre and museum in Lovozero.
The most serious problems for the Komi are connected with the breaking down of the traditional way of life and traditional sources of livelihood. The natural sources of livelihood have undergone a very serious and hard crisis in post-soviet Russia. Many Komi, and especially whole villages inhabited by the Komi, have been depending on the reindeer herding collective farms. Their future, as well as the future of other minorities who are living on natural sources of livelihood is insecure. Nevertheless, the history of the Komi shows that they have managed to survive different crises and adapted to new situations and circumstances.

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Note
1. Diaspora is used here as a broader concept. See Lallukka (2003, 53–5).

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PART V

THE AMERICAS
This part on the Americas contains chapters covering the region from the far north to South America, including Mexico, Panama, Peru and Bolivia. Aboriginal and European views about the land and resources differed prior to the emergence of the capitalist economy. However, these differences were not a source of conflict during the fur trade era; the views could and did coexist. With the simultaneous decline of the fur trade and the rise of capitalism, this peaceful coexistence came to an end. Under capitalism, land and its resources became inputs of production: inputs that had to be owned by individuals before they could be used. This view was (and still is) in stark contrast to the traditional view of land as a place to live and the source of life. This history, and the contrasting worldviews that are central to it, cannot be ignored when one looks to Indigenous enterprise now and in the future in North America and beyond.

The first of the following chapters is ‘People of the river: the subsistence economy of the Han, Athabaskan people of the Upper Yukon River’, by William E. Simeone. The author describes the experience of the Han in Alaska during the influx of gold seekers during the Klondike gold rush of 1898 and how the Han survived and adapted in spite of the devastation wrought on them by the sudden boom and just as sudden bust of the gold rush. Simeone pays particular attention to the emergence of a mixed economy, still operating today, which flows with the seasons combining intermittent wage labour with hunting, fishing and gathering.

The next two chapters are about Indigenous people in British Columbia, the westernmost province of Canada, just south of Alaska. We then move east across Canada. In the first of these, ‘The Namgis First Nation of Alert Bay, Cormorant Island, British Columbia’, Léo-Paul Dana tells about the Namgis First Nation, one of 25 tribes who belonged to the Kwakwaka’wakw (formerly known as the Southern Kwakiutl) First Nation. Dana says: ‘Until the mid-19th century, the Kwakiutl were a wealthy nation. As noted by Ford, “Bound together by a common language, intermarriage, and a complex system of economic exchange, these people prospered and flourished until the coming of the whites” (1941, p. 1).’

He goes on to say: ‘Cole wrote, “Canadian lay and mission authorities . . . long regarded the Kwakiutl as the most “incorrigible” of all British Columbia groups . . . “a most difficult lot to civilize”. . . “They lagged behind other Indians in the adoption of Christianity . . . While grasping economic opportunities, they resisted imported values”’ (1984, pp. 136–7).

And Dana says that this continues today with the Namgis continuing to strive to maintain their traditional beliefs and culture, while facing opportunities and constraints imposed by Westerners. The author describes this struggle over time and the economic activity that has emerged as a result.

In ‘The Nk’Mip cellars: wine and tourism with an Aboriginal flavour’, Anderson, McGillivray and Giberson discuss the entrepreneurship and economic development activities of the Osoyoos Indian Band (OIB) in the Okanagan Valley of British Columbia.
They say they do this for the following reasons:

First, and simply, it is a good story, worth telling. Second, it is an excellent example of an Aboriginal group successfully participating in the global economy, and by doing so making considerable progress in re-building their community economically, socially and culturally. . . . Third, the OIB’s Nk’Mip Project is an interesting example of a destination tourism strategy capitalizing on a regional capacity for wine tourism but going far beyond to broaden the destination’s appeal.

And the going beyond is tied to their traditional lands, culture and values.

The next chapter, ‘The Saskatchewan experience’, by Robert Anderson, Ana María Peredo, Benson Honig, Léo-Paul Dana and Warren Weir, takes us eastward to the centre of the continent where the Great Plains meet the northern boreal forest. The chapter is about the economic development activities and outcomes.

Chapter 29 makes use of ethnographic means in a cross-cultural setting to illustrate that aboriginal and non-aboriginal people express fundamentally different concepts of opportunity, entrepreneurship and self-employment. The causal variable behind entrepreneurship is not an opportunity, but rather one’s cultural perception of opportunity. The authors conclude that, in contrast to entrepreneurs of European background, in Iqaluit

Inuit often identify more with the land and with sharing its resources, than with Western-style mainstream entrepreneurship; their activities are often forms of informal and subsistence self-employment, such as hunting caribou, polar bears and seals for food and for pelts. Entrepreneurship among the Inuit is different in form and substance from the commonly accepted model, and one size does not fit all.

Then, a chapter takes us to the continental United States below the 49th parallel, beginning our journey south. This, along with the chapter by Simeone that began this part on the Americas, provides insight into Indigenous entrepreneurship and enterprise in the USA. We then continue southward through Mexico, on to Panama in Central America and then to Peru and Bolivia in South America.

In ‘People of the corn: traditional Hopi agriculture and sustainability’ (Chapter 31), Dennis Wall describes aspects of a unique relationship between an ancient agricultural practice and the culture that it sustains. He says that the agricultural methods developed by the Hopi people have resulted in an agricultural efficiency known in few other places on Earth. The approach relies on precipitation and runoff water (along with hard work and prayer) and has kept the Hopi culture intact for nearly a thousand years. Wall then goes on to provide a rich description of the agricultural methods of the Hopi and how these methods, the corn that they produce and the culture of the Hopi are one indivisible whole.

The next chapter, ‘La Iguana Sana’, is an account of an aboriginal entrepreneurial endeavour in the Mexican State of Chiapas, by Torres and Anderson. In it the authors describe the efforts of the Maya of Chiapas to ‘rebuild their communities and improve their socioeconomic circumstances in a manner that is consistent with their culture, values and practices’. The chapter focuses on a particular project called the Centro de Agroecología San Francisco de Asís A. C. (CASFA), or the Iguana Sana Case. In 1991, CASFA was formed to serve the Indigenous communities in Chiapas. Its purpose is to find the way
to achieve economic and social progress with an ecological perspective. The organization has been successful in promoting the participation of more than 1500 families in about 30 organizations of small-scale landholders, linking them with organic product markets around the world.

In ‘The Mulatas archipelago: land of Kuna and moon children’, Léo-Paul Dana takes us to the Caribbean just off the coast of Panama and tells us the story of the Tule (also known as the Kuna), the Indigenous people of the Mulatas archipelago. Quoting others, the author tells us that ‘Relative isolation on the islands and a strong internal cohesiveness have protected the Cunas’ (Cobb, 1986, p. 479) and that the Tule ‘are satisfied that they are a superior race; they call themselves a “golden people” and feel that their mode of existence is far superior to the modes adopted by vain and foolish strangers’ (Feeney, 1941, p. 202). Dana says:

although the Kuna are in many ways insular, they are by no means strangers to the modern world . . . . The Kuna are far and away the most highly educated tribe in Panama . . . At the same time, the Kuna have not so embraced foreign ways that they have lost sight of their roots. They run their own affairs according to time-honored custom, resolving disputes and making decisions . . . They have an instinctive ability to search through the warehouse of Western culture, pick out those ideas and techniques they consider useful, and then adapt them to their traditional structures. (Breslin and Chapin, 1984, p. 41)

And he describes how they have done this.

The next two chapters complete our journey south. In ‘The road less travelled in Peru’, Peredo tells us the story of a struggle for survival in the northern Andes in Peru and Ecuador in the face of ‘the excesses of Nature, a brutal insurgent conflict and more recently ( . . . ) the inroads of economic globalization’. She describes some purely local initiatives centering on community-organized and operated enterprises [that] have produced some creative approaches, in particular the cooperatives in Salinas, Ecuador. These cooperatives ‘have created some 363 direct factory jobs . . . most of the town’s 5000-strong population is involved at least indirectly in related activities . . . a role model to other villages in the area’.

The final chapter, by Léo-Paul Dana, takes us to Bolivia; the author provides us with an overview of the history of the country and gives us a fascinating glimpse into the lives of the Indigenous people living there – past, present and future.

Our journey through the Americas makes three things abundantly clear. First, there is great diversity among Indigenous people. Second, in spite of this diversity three truths hold for all: (1) despite often harsh conditions, all these peoples adapted to their respective environments and survived for centuries before colonisation, usually self-employed as gatherers and/or hunters (see Figure 24.1); (2) from a purely economic perspective, Indigenous people appear to be the most disadvantaged people in the Americas, and (3) Indigenous people are striving to improve their socioeconomic circumstances through entrepreneurship and enterprise, and these activities reflect and respect their history, culture and values.
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Figure 24.1 Inuit hunter with Arctic fox in Gjoa Haven (photo by Léo-Paul Dana © 2005)
25 People of the river: the subsistence economy of the Han, Athabaskan people of the Upper Yukon River

William E. Simeone

Introduction

The Han are an Athabaskan-speaking people who live on both sides of the Alaska/Yukon border. The Yukon became a Territory of Canada in 1898. The word ‘Yukon’ means ‘Great river’. Figure 25.1 shows the Coat of Arms of the Yukon Territory.

Until the late nineteenth century the Han were hunters and gatherers who trapped for furs, which they bartered for European manufactured goods. Early literature attests to the presence of three Han bands whose territory stretched along the Yukon River from near present-day Circle City, Alaska to the mouth of the Sixtymile River, some 50 miles above Dawson City, Yukon Territory. Most Han now reside in the small community of Eagle Village, Alaska and in Dawson City, Yukon Territory.

The defining moment in recent Han history was the Klondike gold rush of 1898. More than any other event the gold rush transformed the economy of the upper Yukon valley by subordinating the interests of the Han to those of the gold mining industry and the majority non-Native society. At this point the Han found themselves not only on the economic margins, competing for the animals and fish that were the basic staples of their existence, but on the edge of society as they became a minority in their own homeland. By 1900, most of the gold seekers had departed for richer fields, leaving the Han with a residue of disease, dependency and alcoholism. But in the face of this devastation the Han survived and adapted. The gold rush offered the Han economic alternatives to hunting and trapping, but jobs were scarce and wages low so the Han, like many other indigenous people, developed a mixed economy that continued to flow with the seasons. In the summer the Han worked for wages and fished for salmon and in the winter they hunted and trapped for furs. This pattern of combining seasonal wage labour with hunting, fishing and gathering continues today.

I have divided the chapter into three sections, not including the introduction or conclusion. In the first section I describe some general characteristics of a subsistence economy based on hunting, fishing and gathering. The second section is a description of the various species used by the Han and some of the technologies and techniques used in harvesting. Also included in this section is a description of the seasonal round. The last section is a description of trapping and the move to wage labour as recollected by several Han elders. Throughout the narrative I move back and forth between what the elders remember about the past and the current situation.

Characteristics of a subsistence/hunting economy

One hallmark of a subsistence economy is flexibility and the Han are expert at using all the animal and plant resources available to them. In the nineteenth century the most
important of these resources were caribou and salmon. Relatively abundant at different seasons of the year, both provided essential calories and fat, while caribou skins were indispensable materials for the manufacture of warm clothing. Today salmon is still a crucial resource but moose (see Figures 25.2 and 25.3) are now probably more important than caribou. Other large animals, such as Dall sheep, and various species of small game, are also harvested, but not in the numbers they once were. The Han also harvest several species of migratory and upland birds, as well as various species of non-salmon fish, and a number of species of edible plants. They also make extensive use of wood and in the past made extensive use of moss as insulation against the cold.

Another characteristic of a subsistence economy is a pattern of seasonal movement. In the past the Han spent the short summer season living and travelling along the major
waterways. After ‘freeze-up’, when overland travel became easy, entire families made extensive trips across country in search of big and small game. The transitional periods of ‘breakup’, in late spring, and ‘freeze up’, during the fall, were the most difficult for the Han because travel was restricted and it was extremely difficult to find game. Today few Han move with the seasons but they continue to hunt, trap and fish out of their communities.

Sharing of resources is another hallmark of a subsistence economy and sharing was and continues to be a strong value of Han culture. Traditionally the distribution of resources was structured along kinship lines, especially between relatives by marriage. In other instances sharing was based on prerogative. For example, sharing of meat depended on who killed the game. The hindquarters of a moose belonged to the man who shot it and it was his prerogative to designate who would get the forequarters. The remainder of the meat belonged to the community.
In most hunting cultures labour is organized around gender and age. Young men, directed by their elders, did the more strenuous tasks associated with hunting and killing big game. On occasion, however, women, elders and older children were employed in hunting activities such as caribou drives. Women were responsible for processing the meat.
and skins once game was killed. They were also responsible for processing fish. Women gathered plants and, more often than men, hunted and snared small game, like rabbits and porcupine. The gender-based division of labour has almost disappeared in Han culture.

Another feature of hunting cultures is the significance of the human/animal relationship. In the Athabaskan tradition animals and humans are understood to have an intimate relationship that stems from the belief that at one time animals and humans were the same category of being, able to talk to one another and exchange shape or form. Though now separated from humans, animals never lost their ability to know and understand the deepest of human intentions. As a result animals must be approached respectfully so that they will consciously sacrifice themselves to the hunters. Such a belief is still evident today among some Han people. One resident of Eagle, for example, stated that the moose killed for her grandmother’s funeral potlatch stood on the road and waited for the men to load their rifles before walking off the road where it could be easily killed and butchered.

Hunters must not only hold the right intentions toward an animal but show proper respect for its remains. If a hunter does not properly dispose of the animal’s carcass the animal’s spirit will take offence and make itself unavailable, with dire results for the hunter. These rules apply to both game and fish. To please the salmon spirit the fisherman who catches the first salmon of the season must share the meat with everyone around him. In the 1930s, people in Eagle Village boiled the first salmon caught each year and shared the broth with everyone in the community, except for females observing menstrual taboos and women with nursing babies. Some Han continue to observe the practice of sharing the meat of the first salmon.

Species, technologies and techniques

Fish
Fish are an important source of food for the Han who, at different times of the year, catch whitefish, Arctic grayling, northern pike, burbot, longnose sucker, and salmon. Of all fish the most important are king or Chinook salmon and chum or dog salmon. Han salmon fishing techniques and technology have varied over time. In aboriginal times the Han used basket traps and dip nets to catch both salmon and non-salmon fish species. In the early twentieth century non-Native prospectors introduced the Han to fish wheels, and some time later the Han took up the use of gill nets. Until the mid-1970s, it was common for Han families to move to fish camp while the salmon were running and there were fish camps all up and down the Yukon River. Today, few Han families move to fish camp for the summer but instead fish close by their communities.

Traditionally the Han used long-handled dip nets, primarily to catch Chinook salmon that swim in the deep water away from the river bank. Sarah Malcolm, an elder from Eagle Village, said that dip nets were used from a canoe to catch king salmon and once the salmon’s head was over the side of the canoe the fisher killed it with a club. Funnel-shaped basket traps of spruce wood tied with spruce root line were used to catch chum salmon, Arctic grayling and burbot. The traps were set in shallow eddies near the banks of the Yukon River, at the mouth of tributary streams, or in lakes. Today fish traps are illegal in Alaska under state and federal regulations. Instead present-day Han use dip nets, fish wheels and gillnets to catch salmon. Men in canoes no longer use dip nets; instead they stand along the shore waiting for chum salmon that swim in the shallow water near the
riverbank. Most Han now use fish wheels to catch salmon. There are fish wheels at Eagle and at the occasional fish camp situated along the Yukon River between Eagle and Dawson City.

In the past, salmon were dried and smoked. The women split them lengthwise and made transverse cuts in the meat about one inch apart so the salmon would dry more thoroughly. Fish eggs, especially salmon eggs, were dried for storage by either laying them on the same racks as the drying fish or placing them in a sack made of fish skin with some hot water added. In time the eggs turned into a paste that acquired a strong taste like cheese. Today the Han kipper and freeze salmon, and they dry and smoke it, but rather than drying whole fish they often make long thin strips that are then smoked and dried. Smoked salmon eggs are used today in combination with macaroni and tomatoes to make chowder.

Caribou
Historically the fall migrations of caribou were important to the Han because they provided quantities of skin, meat, bone and antler. Of particular significance in the fall were the soft fawn skins that Han women made into winter undergarments and socks. Today caribou are harvested primarily for their meat, but the skins are sometimes used for mattresses during winter camping.

Before the Han obtained repeating rifles at the end of the nineteenth century, they killed large numbers of caribou by constructing a system of wooden fences and corrals. The fences were used to direct the caribou into the corrals where the animals became entangled in snares and then could be easily stabbed with a spear or knife or shot with bow and arrow. Han elder Louise Paul remembered that her grandfather made a caribou fence and that her mother and her two brothers would then have to chase the caribou. Louise said that her father set snares ‘every place that they [caribou] go and her mother with a big spear just killed them off while they hunt up [look for] other snares’.

From 1955, when the Taylor Highway was completed, until the 1970s, the Fortymile caribou herd was a major source of meat for the residents of Eagle Village. The highway provided easy access for hunters who were able to intercept the caribou as they crossed the highway on their annual fall migration. In 1970, for instance, hunters from Eagle Village harvested at least 100 caribou. By the mid-1970s, however, the herd began to decline because of overhunting. This resulted in increased hunting restrictions and a drastically reduced harvest of caribou for the Han. The Fortymile herd rebounded in the 1990s, but harvests are still restricted and the Han harvest only a few animals each year.

Moose
In the nineteenth century the Han made extensive trips to hunt moose. The most detailed description of a Han moose hunt is by the journalist Tappan Adney, who accompanied a Han band on a month-long hunting trip in the winter of 1899. Over a four-week period the band moved 40 miles up the Klondike River and killed about 80 moose and 65 caribou. It should be noted that the Han consumed some meat from this hunt but an unknown quantity was sold to restaurants, stores and individuals in Dawson City. Travelling by dog team up the Klondike River, Han hunters killed several moose on the third day after leaving Dawson. The following day the band moved camp to be closer to the kill so the women could easily haul the meat into camp. All of the meat was distributed and every
edible part of it eaten. In addition the men brought the moose hides into the tents and the women dressed them by shaving off the hair and removing all remaining fat and meat with a scraper made from the shinbone of the moose. The following summer the skins were tanned using a concoction of liver and brains, smoked to a deep rich brown colour, and made into moccasins, gold sacks, gun cases and various other items.

Today Han seldom undertake long trips to hunt moose and instead hunt close to home. A state-sanctioned moose hunt takes place in the early fall, but the Han also hunt for moose when they need meat. Some of the best places to hunt moose in the winter are on the islands in the Yukon River or the flat land across the river from Eagle Village. Charlie Biederman, a Han elder from Eagle, explained that, when the snow in the mountains gets too deep, the moose are driven onto islands in the Yukon River. The wind along the river blows the snow from these islands, uncovering food and moose congregated, or ‘yarded up’, on the islands and they can easily be killed by hunters.

**Bear**

Traditionally Han hunters killed black and brown bears using spears. Today hunters have given up the spear for the rifle, but people do not go out of their way to hunt bear, since most do not like the meat ‘because they see big hungry bear always gets on beach, knock down old stump and eat lots of those spider, ants. The bear tries to lick up all the ants’. People also do not like to eat bear because bears sometimes eat humans. Nowadays the fur is kept (see Figure 25.4).

**Dall sheep**

The Han have always taken Dall sheep in the late summer or fall when the sheep are in prime condition. In the past, sheep were most often caught with babiche snares, but hunters sometimes killed them with bow and arrows. Women dried much of the meat and cached it for later use and made the skins into sleeping blankets, or into warm winter pants and coats. Sheep horns were steamed and bent to make spoons, which were highly prized. Sarah Malcolm remembered that, as a girl, her family hunted sheep during the fall in the Ogilvie Mountains. Now, if people want to hunt sheep, they go into the mountains south of Eagle.

**Birds and small game**

In the spring, and again in the fall, the Han killed Canada geese and various species of ducks. Silas Stevens said that people killed ducks at Cuban Lake, located near the present village of Eagle, and that mallards are people’s favourite:

Up at Cuban Lake, they call it. That’s just above the village. There’s a lake there. That’s where they got duck houses [blinds] all around the lake. They all go up there too, about eight or ten of them. And the ducks, when they start flying, they usually come in between two and three in the lake. All you hear is: Bang! Bang! Bang! Bang! Ducks all over the lake then. They got old raft that they pick up their ducks with.

A current resident of Eagle stressed how important ducks taken in the spring are to the community, especially since geese are rarely found near the village. She remembered that, ten or 15 years ago, hunters killed 50 to 100 ducks in the spring, but people stopped that for a while because they were chased off by game wardens. This woman said that
Figure 25.4  Bear drying in the sun (photo by Léo-Paul Dana © 2005)
people have resumed their spring hunting ducks, which she considers the village’s ‘grandfather right’. There is now an international treaty that allows spring bird hunting in Alaska.

Grouse and ptarmigan are another species of bird harvested by the Han. Traditionally these birds were harvested with snares but are now taken by hunters using shotguns. Willie Juneby remembered his grandfather used to make a snare fence out of willows to catch ptarmigan. He said:

Grandpa set snares and built willow fence. They pile snow on the willow and the ptarmigan flying around think they are seeing other ptarmigan so they land there. His grandpa would break off willow about a foot long and set it all around and then use twine to make a snare. Get two or three of them [ptarmigan]. Thompson at the store would buy them and sell to steamboat people in summer.

Hare, or rabbits as they are referred to locally, were snared or killed with a blunt arrow. In the past hare was an important food source because they were relatively abundant at most times of the year and required little effort to harvest. This was also true of porcupine that could be killed with a club. In addition to hare and porcupine the Han traditionally snared muskrats and beaver, particularly in the spring and early summer. Small game is still used by the Han but not as extensively as in the past.

Plants
Currently, and in the past, the Han harvested blueberries, low bush cranberries, gooseberries, salmonberries, raspberries, wild celery and onions, wild rhubarb and Labrador tea. Today berries are usually frozen but in the past they were packed in birch bark baskets that were then stored in underground caches and covered with willow branches and moss. Later, after it had snowed, the baskets were retrieved and, according to Willie Juneby, the berries tasted just as fresh as when they were picked. Louise Paul remembered going

... berrying in the summer with the dogs. Put six cans each side of the dog pack. We used to go out Wolf Creek to pick blueberries. Cranberries up on wireless station too. And then they bring it back. In them days they use to have wooden butter barrel and they put it in that and put it someplace it won’t be bothered and they freeze it. In the winter time they dig it out. In the old days they use birch bark, my mom tell me. Birch bark basket and then they put their berries in that and sew another birch bark on top and keep it clean and put it under the ground.

People also used a kind of root that botanists call *Hedysarum Americana* that they boiled with grease. Neighbouring groups of Athabaskans also used the root, which is similar to a potato. It grows near water and people dug it up either in the autumn, after a hard frost, or in the early spring. Louise Paul said:

... We used to dig roots, wild roots . . . In the old days, my mom said when they had nothing to eat, they dig the wild root and they clean it, just like parsnip. Wild rhubarb they eat that too . . . didn’t keep the rhubarb in the winter, just the berries . . . In those days when people get old, they pick that Labrador tea they boil it a long time and make it strong. They put some sugar in that and it help them not to cough so much. And then if someone get cut or pain, they used to fix spruce pitch, real white one, and then they put it on the canvas and heat it up and put it on the pain. Whenever they had pain. I remember old people used to do that, put it on their body and their back.
Women also looked for caches of roots stored by mice underground. After they had taken what they needed the women always made it a point to leave some roots for the mice.

The seasonal round
The traditional Han economy, as practised at the end of the nineteenth century, was based on the seasonal availability of resources that required the Han to move at different seasons during the year. During the summer all attention was fixed on fishing for salmon in the Yukon River. From June until August Han families lived in ‘fish camps’ located up and down the river, catching and drying large quantities of salmon that they stored for the winter. At the end of the fishing season periodic trips were made upland to hunt game and gather berries. Hunting continued into the fall until a supply of meat had been dried and cached in the hills. As freeze-up approached the Han returned to the river to prepare for winter. In early winter, after movement became easier, all of the cached meat was brought down to the river and people remained on the river until the supplies of dried meat and fish were gone. To augment the supply of dried foods men made periodic trips to hunt moose and other game while the women snared rabbits close to the village. Once food supplies dwindled the Han moved away from the river in search of caribou and throughout the winter months moved from place to place in search of game. As the weather moderated, they moved to lakes where they could hunt returning migratory waterfowl, muskrats, and moose. Once breakup was complete they returned to the river to prepare for the summer salmon fishing season.

By the 1940s, most Han living at Eagle Village continued to hunt, fish, gather and trap, but they no longer moved with the seasons. Research conducted in the 1970s at Eagle showed that the Han fished for salmon and whitefish during the summer and in the fall hunted black bear and moose on islands along the Yukon River and caribou along the Taylor Highway. Han men sometimes killed Dall sheep in the mountains southwest of Eagle. Hunts usually lasted from one to several days and were often conducted by partners or small groups of men. During the winter a few men trapped marten, lynx, wolf and fox, and in the early spring switched to trapping beaver and muskrat. They also occasionally killed a moose or black bear at this time of year. In the later spring, once the ice melted away around the edges of lakes, the men shot muskrat and returning waterfowl.

However, when hunting or trapping, the men seldom spent more than one day away from the village. Rather than accompany the men, the women and children remained in the village, although women did undertake extensive trips into the hills around Eagle to pick berries in the fall. These changes have taken place for at least five reasons. Children were required by law to remain in school until they were 16 years old, so parents were discouraged from taking long extended trips away from the village. Hunting regulations, which began to be enforced in the 1920s and 1930s, did not allow for the taking of big game any time of the year. Seasons for moose and sheep, for example, are now limited to short periods in the fall and early winter. Bag limits also became restrictive, limiting a hunter to one animal of a specific sex. Wage labour became much more important and, finally, the availability of commercial foods made it less imperative that people hunt and fish.

The changing economy: trapping and wage labour
When European traders entered the upper Yukon valley in the 1840s, the Han economy changed. Trapping fur-bearing animals took on an added significance because it became
the primary means by which the Han could obtain European manufactured goods, although they also sold meat and other products, such as tanned caribou and moose skins to the traders. Later, as the regional economy developed around mining and construction, wage labour became an important component of the Han economy. As a result, by the early twentieth century, the Han had developed a ‘mixed economy’ in which the traditional pursuits of hunting, fishing and gathering were combined with commercial trapping and wage labour. Today commercial trapping has declined but the Han continue to practise traditional subsistence activities while working either full-time or seasonally.

**Trapping**

At the beginning of the twentieth century the Han spent considerable time on their trap lines that radiated hundreds of miles, and entire families spent the fall and winter trapping. It was typical for families to move to their trap lines in the fall and return to Eagle Village for Christmas. After New Years they returned to their trap lines to complete the trapping season and then in the spring moved to the Yukon River to fish for salmon. Money earned from trapping was used to buy staples such as guns, ammunition, traps, clothing, tea, sugar and flour, but the mainstay of the diet was meat and fish.

Sarah Malcolm remembered that, just after the turn of the century, when she was a small child, her family walked out to the trap lines in the fall using pack dogs to transport their gear. At Christmas time they returned to Eagle Village for the holidays before going back out. While on the trap line her family lived in a canvas tent, two families pitching their tents close to each other. To feed their families the men hunted sheep, caribou and moose. In the spring the family constructed a boat with a birch wood frame, covered it with untanned moose skin, and floated down the Yukon River back to Eagle Village. Along the way they killed beaver, muskrat, ducks, geese and swans.

Louise Paul said that when she was young (in the first two decades of the twentieth century) her family lived between Dawson and Eagle Village and Ft McPherson. She describes a typical season in which the family moved between the trap line and the village.

> They go on trapping and then they have to come into town, into Eagle town, to get some grocery again: tea and some things that we use out in the camp, like tea and dried fruit and things like that. And then we live there all winter.
>
> And then around Christmas time we come in for Christmas too. Whole bunch of us, we got two [dog] team. Got quite a bit. I go with my Dad, and my mother, she go with my brother. So we got two team, and we go to holiday. And after holiday we go back again. So I never done much schooling, never. I went up to eighth grade, that’s all.
>
> So we stayed out there till spring, and then they go beaver hunting while we’re out there. We go way down, way down river. They call [it] Peel River, I think. I don’t know. That’s a big river over there. They go down there and been going about a month, I guess, down there. And we live out there all by ourselves. We’re not scared. If that was now, I’d be scared [laughs].
>
> And they bring back some beaver skin, and well there’s my uncle live with us too, my uncle and his family. And then we come into Eagle. May [month], we come in. And then they sell their beaver skin and things like that. And then we go fishing in Eagle in the summer time. That’s in June, July, August. And then we live for a while, go fishing, and then we go over again, over to our trapline. So I never been much to school. And they start trapping again.

While whole families often went trapping, pressure from the missionaries and the government to keep the children in school mounted. By the late 1930s, women and
children frequently stayed home while the men went out on the trap lines. Of course not all children stayed home and some, like Silas Stevens, skipped school to trap. Silas remembered that when he was a boy, around 1938, he skipped school to go trapping and he and his family moved down around the mouth of the Tatonduk River or ‘Sheep Creek’ as it is referred to in Eagle. From the main cabin they went to Twelve-Mile Creek and then into the Nation River drainage. One time, Silas remembered:

we left to go over to check our trap line, over the hill down to Twelve Mile Creek. We got stranded at that first tent. That’s about 15 or 20 miles from the river. It turned 60 below. Couldn’t go no place. Just kept us busy trying to keep warm you know. It’s too cold for the dogs to travel then. We got stranded for one week. It finally warmed up, 40 below, and then we headed home. Sixty below, maybe 65, it got that cold. Gosh, your camp stove don’t turn out much heat. You got to keep turning. Your front end would warm, then your back would be freezing.

Wage labour

The discovery of gold in 1887 and the subsequent Klondike stampede of 1898 provided the Han with a number of opportunities to engage in wage labour, and for the first time gave them an alternative to hunting, fishing and trapping as a way to make a living. Early on, Han men were employed as woodcutters, deck hands and pilots for the river streamers going up and down the Yukon River. During the gold rush few Han found employment in the gold mining industry but afterward, when most non-Natives had left the area, some Han were employed in the remaining mining operations. After 1900, many of the Han men living in Eagle Village participated in some form of seasonal wage labour, especially as the market in furs declined.

In an interview, Matthew Malcolm of Eagle Village talked about the way people combined subsistence activities with work by fishing in the summer, hunting in the fall and cutting cordwood that they either sold to the steamers or to people living in town. Trees that had been scorched by fire and dried out were especially good.

In the summertime up here [near Eagle] ‘Dog Island.’ You know ‘Dog Island?’ Behind there in the slough on the upper end they got a place for a fishwheel. Every other year I guess they build their own fishwheel, put it in, get some fish there. Then come September he always hunt. Right across from Dog Island, long time ago it burned quite a bit. The people cutting wood there, and they bring wood down for sale, dry wood. Oh about four or five cord at a time, one raft. Take it downtown and sell it.

Cutting wood for the river steamers was one of the principal ways the Han were able to earn cash. According to Willie Juneby of Eagle Village, in the early 1900s people lived in tents at Sheep Creek where they cut wood for the steamboats. A local entrepreneur had a contract to supply wood for two boats so he hired several Han men to cut 900 cords at $4.00 a cord. Silas Stevens recalled:

we used to cut a lot of wood too, even for the steamboats . . . they move down to Sheep Creek in the springtime. Thirty miles down below Eagle. They all take their dog team, tents and they set up tent camp. A regular tent city. Down on Wood Island for $4.00 a cord. Good money them days too. Course they get all their grub, their stake, food and grubstake, from the Northern Commercial Company. Then they all head down with dog team, and then they take all their stuff down, four or five hundred pound of stuff, food, regular staples. Course, you can get your meat [by hunting] anytime down there.
In addition to applying their woodcraft, Han men learned new skills, such as operating heavy equipment. Silas went on to say that Willie Juneby operated the old Caterpillar tractor, hauling wood down to the beach:

He usually did all of the hauling from up the creek, about three or four miles up the creek, at Sheep Creek they call it, and then they haul it down and beach it. They used two sleds. And then same way down there at Wood Island . . . about six miles below Miller Camp, this side of Nation River, down river from ‘Sheep Creek.’ That’s where they did lot of their wood cutting too.

At some point Han families made the decision to move into town permanently and to work more or less regularly at wage labour. Louise Paul remembered when her family made the transition from living on the trap line through the winter to living in Eagle City.

We were out in the woods, and finally we move into town . . . and we lived in Eagle ever since. That’s where I met my husband and marry him. And then after I had three kids, I guess. Mary, Matthew, Ethel, and Bert: four kids. After we had four kids, he worked on the boat, and we chopped wood in the winter time.

Louise’s husband, Susie Paul, cut wood for people in Eagle City and worked on the river-boats. Louise said:

He work on that steamboat a long time, all summer. And then he got a job at Patty’s mining camp up here at Coal Creek . . . That’s where we lived. There’s our family, and Juneby’s family, David’s family. Three big families of us lived there all summer. No school them days in Eagle. Not too many children so they don’t have school.

From working as seasonal labourers some Han men moved on to more permanent work in mining operations. With skills learned on the job the men went even farther afield working in places like Fairbanks. The careers of Willie Juneby and Matthew Malcolm were fairly typical. Late in 1938, Willie found employment at Coal Creek mining camp and stayed there every year except two years during World War II. He was on the ‘hydraulic outfit, worked with points, swamping, and helping’. In 1940, he learned how to drive a truck. During World War II the US government closed all gold mining activities as a low priority requirement for strategic materials, so Willie went to Fairbanks and worked on the Richardson Highway, driving a Caterpillar tractor during the summer season.

Matthew described his work on a gold dredge located on a tributary stream flowing into the Yukon River. He said that a couple of the men worked on the dredge.

And what I did I drove truck. And they had a little Cat they drove that and hauled wood and stuff. And Willie Juneby he had a bigger Cat, and I followed him all the time. And some of the other boys worked there. They go out in the field in front of the dredge and drive points (to thaw the ground). And a few of them working the dredge. Oiler and deck boy, or whatever they call them.

And the people that stay there [in the] summertime, husband work there, and during the winter they stay there too, and then they get a chance to make a few bucks and they cut wood. Cut a lot of wood there for the dredge, for the same outfit. They need wood for the camp. They tried to save the oil for the dredge. They started April down to the last part of October. When it starts freezing up then they shut down the dredge, and everybody leave except them family guys. They stay there for the winter, husband do a little trapping and cut wood. Sometimes they go to town, and sometimes they visit up here [Eagle Village]. Then go back down.
But the pay was low, so Matthew worked on the dredge only a couple of months and then moved to Fairbanks where he joined the union. Afterwards he got married and got a construction job building the Taylor Highway. He worked on the highway for about 12 years, and then retired.

In the 1950s, 1960s and 1970s, the economy of the upper Yukon produced few jobs. Fighting forest fires became an important source of income for many men and women living in Eagle Village. These wages were supplemented by hunting and trapping, and transfer payments such as food stamps and Aid to Families with Dependent Children became available in the 1960s. In the mid-1970s, a few high-paying jobs became available through oil exploration in the Kandik River basin, and work on the Trans-Alaska Pipeline (see Figure 25.5), but at the end of the decade those jobs disappeared. In the 1990s, there were still very few full-time, good paying jobs in Eagle Village. Trapping for furs is less profitable than it once was and, in 1997, no resident of Eagle Village reported that they trapped.

### Conclusion
Over the last 150 years the Han economy has changed from one based solely on hunting and gathering and commercial trapping to a mixed economy in which traditional subsistence pursuits are combined with wage labour. For the Han this transition began at the end of the nineteenth century when the economy of the upper Yukon shifted away from the fur trade to mining and transportation. At this point the Han were forced to adapt
and pursue alternative ways of making a living not entirely oriented toward a life on the land. Hunting and trapping became part of a mixed economy and not the entire economy. While trapping continued to be a source of income, declines in the fur market, coupled with increased opportunities for wage labour, demands by the government to keep children in school and pressures to take up a more sedentary way of life influenced Han families to settle down and become wage earners. Today the Han are largely wage earners, working either seasonally or in jobs away from home. But the Han are also hunters and gatherers. Wild meat and fish provide important supplements in the economic sense but they are also a part of a long and venerable tradition that the Han continue to keep alive.

Acknowledgements
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Note
1. The Han in Alaska live in Eagle Village, which is distinct from Eagle City, a predominately non-Native community. Both are located on the Yukon River.

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Introduction

Different societies measure wealth and status in a variety of ways. A European noble might be proud of his title; an American might flaunt his sports car. In Lesotho, wealth is demonstrated by the number of cattle owned (see Chapter 9 in this volume). Along the west coast of British Columbia, Indigenous people traditionally used thin shield-shaped pieces of copper, referred to as coppers, to represent wealth and power. These documented significant traditions and particular events, and the value of any one copper increased with time, unless broken. The mythical Wealthy One – also referred to as Kumugwe or Copper Maker – is said to have a house made of copper, at the bottom of the sea.

Franz Boas was among the first social scientists who focused on Indigenous people in this region. Boas wrote, ‘The Pacific Coast of America between Juan de Fuca Strait and Yakutat Bay is inhabited by a great many Indian tribes distinct in physical characteristics and distinct in languages, but one in culture. Their arts and industries, their customs and beliefs, differ so much from those of all other Indians that they form one of the best defined cultural groups of our continent’ (1897, p. 317). Benedict elaborated: ‘They were a people of great possessions . . . Their civilization was built upon an ample supply of goods, inexhaustible, and obtained without excessive expenditure of labour’ (1935, p. 173).

This chapter focuses on Cormorant Island, home of the Namgis First Nation (referred to, by the 1916 Reserve Commission, as the Nimpkeesh Tribe), one of 25 tribes who belonged to the Kwakwaka’wakw (formerly known as the Southern Kwakiutl) First Nation. The Namgis First Nation is affiliated to the Musgamagw Tribal Council.

Until the mid-nineteenth century, the Kwakiutl were a wealthy nation. As noted by Ford, ‘Bound together by a common language, intermarriage, and a complex system of economic exchange, these people prospered and flourished until the coming of the whites’ (1941, p. 1). Ford elaborated: ‘The Kwakiutl nation as a whole was considered by its members to be higher in rank than any other Indian nation . . . to be looked up to as more “chiefly” and more respectable’ (ibid., p. 16).

Indigenous to the region around the Queen Charlotte Strait, the Namgis lived on Cormorant Island, one of the islands east of Vancouver Island, northwest of Campbell River, on the Queen Charlotte Strait, on a seasonal basis, until the Europeans encouraged them to make Alert Bay a permanent home. Alert Bay thus became a fishing settlement.

Cole wrote, ‘Canadian lay and mission authorities . . . long regarded the Kwakiutl as the most “incorrigible” of all British Columbia groups . . . “a most difficult lot to civilize” . . . They lagged behind other Indians in the adoption of Christianity . . . While grasping economic opportunities, they resisted imported values’ (1984, pp. 136–7). Today, these Indigenous people strive to maintain their traditional beliefs and culture, while facing opportunities and constraints imposed by Westerners.
Historical background

A wolf was said to have survived a great flood by climbing to the top of a mountain; he was transformed into a man, the ancestor of the Dzawada’enux. Not far away, a giant halibut lived at the mouth of the Nimpkish River. One day he swam to the shore, became a human, and attempted to build a home. A supernatural thunderbird\textsuperscript{11} helped him and became a person too. These two were the ancestors of a Namgis family.

Healey wrote, ‘Alert Bay is one of those little places that has a history of its own, and somewhat different to that of an ordinary place’ (1958, p. 55). Centuries before the arrival of Europeans in America, First Nations tribes travelled the waters around Cormorant Island and Vancouver Island, in \textit{galuda} vessels – large ocean-going canoes. The villages of the Namgis were organised into \textit{na’mima} (units of extended family members), each sharing a Big House. The people had a high respect for nature and always gave thanks when harvesting from the natural world.

Vancouver Island was first visited by Captain Cook, in 1778. In 1792, Captain George Vancouver, who had sailed with Cook, returned to the region, with Juan Francisco de la Bodega, and together they mapped out the island that was given Vancouver’s name.

During the late nineteenth century, the great scholar Franz Boas studied the culture of the Indigenous people of the area, with the help of George Hunt (Boas, 1897; Boas and Hunt, 1905; Boas, 1910b, 1920). In 1929, the St Michael’s Residential School was built at Alert Bay, to inculcate Indigenous children with Anglo-European beliefs. Nevertheless, Indigenous culture survived. The building was transferred to the Namgis First Nation in April 1975.

Indigenous culture

The Potlatch\textsuperscript{12} ceremony was an important institution (Suttles, 1984) central to the culture of the Kwak’wala-speaking\textsuperscript{13} First Nations of the Northwest coast. This served as the foundation for a system of laws, central to the people and as a social mechanism for the redistribution of wealth. Ford wrote, ‘The potlatch was a means of avoiding anxiety about becoming poverty stricken: it functioned as a banking system for the investment of capital . . . A chief who had distributed many blankets . . . could count upon a continuous return’ (1941, p. 21).

Healey elaborated: ‘The potlatch or distribution of property was a system by which the Indians acquired rank’ (Healey, 1958, p. 40). The celebration involved mourning, dancing, feasting and gift giving, such as the transfer of a copper and the distribution of blankets.\textsuperscript{14} The blanket, either locally made or purchased,\textsuperscript{15} was a unit of value that served as interest-bearing investment property. ‘The double blanket was valued at three single blankets’ (Healey, 1958, p. 40).

Ford wrote, ‘A loan for a few months netted 25 per cent interest, a six-months’ loan brought 50 per cent, and a loan for a year or more brought 100 per cent interest . . . There was a great deal of incentive for a man to pay his debts and the required interest’ (1941, pp. 18–19). He elaborated: ‘Finally the chief would make a collection of what the man owned to pay his debts’ (Ford, 1941, p. 55). Blankets were used as currency, exchangeable for other goods and services. When cash was introduced, ‘it was regarded in terms of the blankets it represented’ (ibid., p. 19).

Harris explained, ‘the Kwakiutl potlatch was not the result of maniacal whims, but of definite economic and ecological conditions . . . Preparations for potlatch required the
accumulation of fresh and dried fish, fish oil, berries, animal skins, blankets, and other valuables. On the appointed day, the guests paddled up to the host village and went to the chief’s house. There they gorged themselves on salmon and wild berries while dancers masked as beaver gods and thunderbirds entertained them’ (1974, pp. 113–14). Through the giving of presents, the giver attained social status.16

With pressure from the Church, the Dominion of Canada outlawed the potlatch in 1884. The Namgis resisted, and in 1921 this resulted in mass arrests, confiscations and jail terms for individuals caught practising their traditions. At Alert Bay, it was decided to hold such celebrations during stormy nights, when law enforcement officers hesitated to travel to Cormorant Island. When the Indian Act was revised in 1951, the section prohibiting the potlatch was deleted (Webster, 1984).

The Kwakwaka’wakw economy17

As discussed by Duff (1964), the different Kwakwaka’wakw groups owned land, with clearly defined and mutually respected boundaries, but the patterns of ownership and utilisation were unique to their culture. ‘Underlying the power of property . . . was the people’s oneness with all creatures’ (Stewart, 1984, p. 19).

Prior to the arrival of the Europeans, the local economy was largely one of subsistence. Popular foods included red bunchberries (*Cornus canadensis*)18 and salal berries (*Gaultheria shallon*), the latter picked in the late summer, then dried and preserved for winter (Turner and Bell, 1973). People trapped and hunted beavers, birds, and elk.19 According to Ford (1941), they did not eat cormorants, deer,20 dogs, frogs, loons, porcupines, seagulls or snakes. They made tools of bone and of wood. Benedict wrote, ‘The great occupation of the men, aside from hunting and fishing, was woodworking’ (1935, p. 174). Traditionally trade included food (such as nuts and salmon21) and slaves (Muckle, 1998). The Namgis had a long history of profitable trade with people further north. Harris noted, ‘Always eager to attract traders, they made their villages conspicuous by erecting on the beach carved tree trunks’ (1974, p. 113).

Much Namgis activity involved subsistence self-employment, close to nature. The people made fishnets from human hair. Skunk cabbage leaves (*Lysichiton kamtschatcense*) were used to wrap food (Turner and Bell, 1973). Ornaments were made from abalone shell (Ford, 1941). Thread was spun from the wool of mountain goats; this was used to make blankets, as were tanned skins (Boas, 1897). Blankets were also made from soft cedar bark (Ford, 1941). Bedding was made with branches of bracken fern (*Pteridium aquilinum*) and red alder (*Alnus rubra*) was used to make dishes and cutlery (Turner and Bell, 1973). Cedar was also used to make bowls and dishes. Ford wrote that self-employed ‘wood carvers, hired by others who desired their services, were well-to-do and respected members of Kwakiutl society . . . Whereas wood carving was a speciality of the men, the production of textiles was that of the women’ (1941, pp. 5–6).

Containers were very important in Kwakwaka’wakw society. This included boxes and baskets. ‘The Kwakiutl did not make boxes for the sake of making boxes, but to provide themselves with containers. As soon as they discovered that the metal containers of the whites served the same purpose and were, at the same time, easier to get than the boxes were to make, they abandoned the art of manufacturing wooden boxes. The same thing happened with many other items of their material culture, and the majority of the native technical processes fell into disuse and disappeared’ (Ford, 1941, p. 5).
Boas (1897) discussed the traditional technical processes and the different sorts of baskets. Baskets were woven from spruce root and split cedar root; they were also made from the bark of cedar trees, as were blankets, hats, mats and rope. The inner bark of the cedar was used for weaving (Stewart, 1984). Fishing nets were made from twine woven from cedar bark. Shredded cedar bark was used to make diapers and mattresses. Cedar root was woven to make cradles. Branches were used to make lassos, with which mountain goats were caught. The withes (curved branchlets that hang down from branches) were used (mostly by men) to make strong ropes.

The Kwakwaka’wakw distinguished between the red cedar and the yellow cedar. Boas referred to the red cedar as *Thuya gigantean* (1897, p. 317), and Stewart (1984) used the term *Thuja plicata*, both of which are correct. The yellow cedar, *Chamaecyparis nootkatensis*, is commonly known in the United States as the Nootka or Sitka Cypress. The Kwakwaka’wakw made canoes from logs of the red cedar, and paddles out of yellow cedar. The bark of the yellow cedar was used to make aprons, blankets and capes.

Stewart (1984) described how and when women harvested the cedar bark. Quinault Coast Salish began taking bark in April. Coast Salish of the Fraser Valley harvested in May. The Hesquiat (on the West Coast of Vancouver Island) took it in May and June. The
Kwakwaka’wakw waited until June and the Haida until July. ‘When the Kwakiutl pulled bark from the cedar, they took care to leave enough on the tree to ensure its continued growth, for the person who caused a tree to die by taking all the bark would be cursed’ (ibid., p. 179).

Some sales had an economic motivation, others a symbolic one. Boas wrote, ‘Coppers are always sold to rivals, and often a man will offer his copper for sale to the rival tribe. If it is not accepted, it is an acknowledgement that nobody in the tribe has enough money to buy it, and the name of the tribe or clan would consequently lose weight’ (1897, p. 345).

With the coming of the Europeans, the Kwakwaka’wakw became commercial fishermen, sealers, loggers and wage labourers. ‘Kwakiutl women, besides working in the summer canneries, worked as washerwomen and prostitutes’ (Cole, 1984, p. 136).

In 1870, entrepreneurs Wesley Spencer and Aulden Huson established a saltery at Alert Bay, to preserve salmon, and the Namgis were persuaded to move there, to provide labour. By 1881, Wesley Spencer and Thomas Earle were partners in a local cannery, and a store was built (Healey, 1958). In 1886, work began on the construction of a sawmill. In 1902, the British Columbia Packers Association purchased the cannery from its founders. ‘By 1909, the fishing industry was well established’ (ibid., p. 49).

In 1912, the Dominion of Canada built a wireless station at Alert Bay and, during World War I, the Customs House was built, overlooking Broughton Channel. In 1920, Moses Alfred and his partners built the Nimpkish Hotel, on Namgis First Nation land. Shortly thereafter, entrepreneur Dick May built a machine shop adjacent to the shipyards. In 1925, the McJanet family purchased Mr Alfred’s shares in the hotel, placed the building on a scow and had it towed to the village (Healey, 1958).

As the local economy developed, activities included dairy farming, poultry raising and vegetable growing. Dairy farming was introduced to Alert Bay, in 1929, by entrepreneur G.H. Skinner (ibid.). A boat-shed was owned and operated by a Japanese family, until they were deported during World War II.

Ford (1941) chronicled the life of Kwakwaka’wakw Chief Tlasis (Stranded Whale) Charles (Charley) James Nowell, an individual who developed entrepreneurial skills that helped him manage within his people’s complex economic system. About the sea, Ford wrote, ‘In days before white contact, it was the primary source of food; today it is the chief source of money’ (1941, p. 7). Halibut were caught with large hooks, made from a branch of fir or spruce; cod were caught with smaller hooks (Pickford, 1953). Candlefish (olachen) and herring were raked, while porpoises, sea lions, sea otters, seals and whales were harpooned (Ford, 1941). Flounders and kelp-fish were caught on a line (Pickford, 1953). Salmon were caught with baskets (ibid.) or nets (Ford, 1941), and smoked or dried by the women (Healey, 1958). For decades to come, most people in Alert Bay would continue to make a living from the sea.

In 1958, Healey wrote, ‘Over half a hundred businesses in Alert Bay serve the community. All but two, the Rainbow Theatre and Clark’s Rooming House, are situated on the waterfront road’ (Healey, 1958, p. 94). There were two hotels in Alert Bay at the time, the Nimpkish Hotel and the newer Harbour Inn, owned and operated by Richard Bice.

Entrepreneurship in a multicultural Cormorant Island
Cormorant Island is shared among four entities, namely, the Village of Alert Bay, incorporated 1946; the Namgis First Nation; the Whe-La-La-U Area Council, which leases
lands of the Namgis First Nation; and the unincorporated Regional District of Mount Waddington. Integration and intermarriage are becoming increasingly common. There are two schools on the island, Alert Bay Elementary and the Indigenous T’lisal’gila kw School, on the reserve. Children may attend either the Indigenous school or the other, regardless of their origin. Likewise, the economy has become mixed, with Indigenous and non-Indigenous entrepreneurs working side-by-side.

Cormorant Island has a cosmopolitan mix of entrepreneurs. In 1986, Seasmoke Whale Watching was jointly established by David and Maureen Towers. David’s background was in logging. Maureen was a registered nurse who grew up on a farm in New Zealand, and trained as a midwife in Australia. When Fletcher Challenge closed down several segments of the logging industry in Vancouver Island, David found himself without a job. Now, the couple is self-employed, operating a small accommodation business, as well as the whale watching outfit.

Also in 1986, Brenda Gordon launched the Looking Good Hair Salon, which employs one person. Brenda was born in Alert Bay, as was her father; her mother was a nurse, originally from Austria. A licensed aesthetician and hairdresser, Brenda has been training to become a qualified weight trainer, in the gym that she also owns and operates.

In 1992, Jim O’Donnell founded Pacific Eagle Aviation, based at Alert Bay. In 1999, Kristi Hagen and Bernie Jones came to Alert Bay; they have since opened Eagle’s Landing Bed and Breakfast, as a secondary source of income. Bernie is a community development consultant, and Kristi is a clinical counsellor. Not far away are the Oceanview Cabins, a family business owned by Joyce and Neil Langille. Neil Langille is among the self-employed building contractors. Bob and Maxine Williams own the restaurant at the Old Customs House.

Much change has happened since 2000, as people have had to diversify or leave, largely owing to the collapse of the salmon fishing industry. There were formerly three grocery stores and there was business for all; only one remains. There were 635 firms in the region in 2000. By 2002, there were 617 firms and these tended to be small; over 90 per cent of these had fewer than 20 employees. Since then, Terry O’Neill has sold her website business to a firm in Port McNeil, and she has relocated to Ontario. She had trained in Scotland and worked in Ireland before taking up weaving, at the Anansi Weavery in Alert Bay. Graphics and Computer Services was a division of her weavery.

Business licences are available to seasonal entrepreneurs. Non-aboriginal individuals come by ferry to Alert Bay for brief periods of time, selling books and games, and even to clean chimneys.

**Toward the future**

Totem poles are not maintained here, reflecting the belief that nothing is meant to last forever. When a totem pole falls, it has served its purpose and it is time to make a new one for the future.

**Notes**

1. The Namgis First Nation was formerly known as Nimpkish.
3. Alert Bay was named after HMS Alert.
4. The flightless cormorant is now extinct.
5. The island was named after HMS Cormorant, in 1846. The island’s population in 2005 was estimated at 1500.
6. Special thanks to Norine Charlie, manager, Alert Bay; Brenda Gordon, serial entrepreneur, Alert Bay; Monique Jeffrey, Village of Alert Bay; Eric McGregor, senior analyst, First Nations and Northern Statistics Division, Indian and Northern Affairs Canada; Donna Myers, clerk, Village of Alert Bay; Andrea Sanborn, executive director, Umista; and Maureen Towers, entrepreneur, for sharing their expertise.

7. By breaking a copper, a chief would be making a public statement to the effect of his abundant wealth.

8. His biography was written by his grandson and was published as Boas (2004).

9. See also Rohner and Rohner (1970).

10. The Government of Canada Ministry of Indian Affairs used the term Kwawewlths.

11. Among the mythical birds of the Kwakwaka’wakw were the galukwamt and the huxwhukh.

12. The Potlatch was made famous by Benedict (1935). For a historical account, see Cole (1984); for detailed explanations, see Halliday (1935) and Piddocke (1969). For a discussion of the Alaska potlatch, see Mishler and Simeone (2004).

13. Kwak’wala is of the Wakashan linguistic group; for a detailed discussion, see Boas (1910a).

14. Blankets were, in former times, used for bride payments.

15. The Hudson Bay Co. gave one blanket in exchange for 36 skins or 15 minks (Ford, 1941, p. 61).

16. Rank was very important in society; see Boas (1920).

17. See also Vayda (1961).

18. This variety has white flowers, with four petals, resembling the dogwood.

19. The Roosevelt elk, native of Vancouver Island, is larger than its counterpart on the North American mainland.

20. Island deer are smaller than those on the mainland.

21. The Kwakwa’wakw smoked and dried salmon, allowing it to stay fresh for extended periods of time.

22. By 1875, ‘the art of making cedar bark garments fell into decline’ (Stewart, 1984, p. 148).

23. The sea otter (Enhydra lutris) is the smallest of all marine mammals. Aleuts traditionally hunted sea otters with spears, from kayaks (Ellis, 2005).


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Introduction
In this chapter, we explore the economic development activities of the Osoyoos Indian Band (OIB) which has been working with business to preserve the past and strengthen the future of Indigenous people in British Columbia (Figure 27.1). The OIB lands are in the southern Okanagan Valley in British Columbia (Figure 27.2). The Okanagan Valley is one of two principal wine areas in Canada (the other is the Niagara Peninsula in the province of Ontario). Participation in the wine industry has been a key aspect of the OIB’s development activities over the past four decades. The Band began with vineyards in the 1960s. In 1980, a winery was built on the group’s lands. This winery is still in operation today, now owned by Vincor International Inc. Building on this success, in 2002, the OIB (51 per cent ownership) and Vincor (49 per cent ownership) opened a new winery: Nk’Mip Cellars (Figure 27.3).
The vineyards and new winery are part of a larger OIB development undertaking, the Nk’Mip Project. Another key component of the project is the $5 million Nk’Mip Desert and Heritage Interpretive Centre. The centre targets the growing market for cultural/eco-tourism by educating visitors about 3000 years of Osoyoos band history and the unique nature of the desert environment that is their traditional land. The project also includes a recreation vehicle campground (in operation) and a hotel and golf course (in the planning stages).

In the pages that follow, we will describe the Osoyoos Indian Band’s participation in the wine industry and the larger Nk’Mip Project. We have several reasons for doing so. First, and simply, it is a good story, worth telling. Second, it is an excellent example of an Aboriginal group successfully participating in the global economy, and by doing so making considerable progress in rebuilding their community economically, socially and culturally. As such an example, it might usefully inform the development activities of Indigenous groups in Canada and elsewhere. Third, the OIB’s Nk’Mip Project is an interesting example of a destination tourism strategy capitalizing on a regional capacity for wine tourism but going far beyond to broaden the destination’s appeal. Those from other wine tourism areas with Indigenous and eco-tourism possibilities might find the Nk’Mip Project particularly interesting – Australia comes to mind.

Our chapter has five sections, the first being this introduction. In the second and third sections, we set the context for the description and discussion of the Nk’Mip Project (which is described in the fourth section). The second section does this by describing
Aboriginal/Indigenous socioeconomic circumstances and the approach to development that is emerging as a response, and the third by providing an overview of wine, cultural and eco tourism in general and with respect to the Okanagan Valley. In the fifth and concluding section, we consider the implications of the Nk’Mip project for other Indigenous groups intent on development and other wine tourism areas looking to expand their appeal as a tourist destination.

**Aboriginal economic development: the problem and the responses**

The current socioeconomic circumstances of the Aboriginal people in Canada are abysmal. According to 1991 census data, 1 42 per cent of Aboriginal people living on a reserve received social welfare, while only 8 per cent of other Canadians did. Unemployment among Aboriginal people stood at 24.6 per cent, almost two and one-half times the national rate of 10.2. The on-reserve rate was even higher, often well above 30 per cent and approaching 90 in isolated communities. Housing conditions tell a similar tale, with 65 per cent of on-reserve and 49 per cent of off-reserve Aboriginal people living in substandard housing.

As bad as these current employment levels are, the prospects for the future are worse. According to the Royal Commission on Aboriginal People (RCAP, 1996), the Aboriginal population will rise by 52 per cent (compared to 22 per cent for non-Aboriginal Canadians) between 1991 and 2016. During the same period the working-age Aboriginal population will increase by 72 per cent, compared to a 23 per cent non-Aboriginal increase. Using these figures, the Royal Commission looked to the future. In fact, it looked to two futures.
One flows from the continuation of the status quo, a future where Aboriginal peoples’ socioeconomic circumstances remain at their current abysmally low level in comparison with those of the broader Canadian population. Under this scenario the annual economic cost of the underdevelopment of Aboriginal people is expected to rise to $11 billion in 2016 from 7.5 billion in 1996, to say nothing of the tremendous human cost.

The other RCAP future is one where ‘something’ is done to bring Aboriginal socioeconomic circumstances up to the Canadian average. That something is economic development. This RCAP future anticipates that, during the first decade of the twenty-first century, government expenditures on Aboriginal issues will increase by between $1.5 and $2 billion per year over 1996 levels. Most of this increased cost will relate to land claims settlements and other capacity-building activities. The report projects that, by the year 2016, the economic development activities of Aboriginal people, fostered in part by this investment in capacity, will result in them making a $375 million dollar annual contribution to the Canadian economy. This is in sharp contrast to the estimated $11 billion annual cost expected under the status quo scenario.

Aboriginal people in Canada have not been standing idly by accepting the status quo. Nor did they need the RCAP report to identify for them the future they wanted and to tell them how to achieve it. In fact, the RCAP’s forecasts under the optimistic scenario are based on the continuing successful implementation of the approach to development Aboriginal people have been implementing for some time.2

The Aboriginal approach to economic development is as follows:

1. a predominantly collective one centered on the community or ‘nation’, for the purposes of
2. attaining economic self-sufficiency as a necessary condition for the preservation and strengthening of communities,
3. controlling activities on traditional lands,
4. improving the socioeconomic circumstances of Aboriginal people,
5. strengthening traditional culture, values and languages and reflecting the same in development activities, involving
6. creating and operating businesses that can compete profitably over the long run in the global economy (a) to exercise the control over activities on traditional lands and (b) to build the economy necessary to preserve and strengthen communities and improve socioeconomic conditions,
7. forming alliances and joint ventures among themselves and with non-Aboriginal partners to create businesses that can compete profitably in the global economy, and
8. building capacity for economic development through (i) education, training and institution building and (ii) the realization of the treaty and Aboriginal rights to land and resources.

Entrepreneurship – the identification of unmet or undersatisfied needs and related opportunities, and the creation of enterprises, products and services in response to these opportunities – lies at the heart of the Aboriginal economic development strategy. Through entrepreneurship and business development they believe they can attain their socioeconomic objectives. These objectives include (i) greater control of activities on their
traditional lands, (ii) an end to dependency through economic self-sufficiency, (iii) the preservation and strengthening of traditional values and the application of these in economic development and business activities and, of course (iv) improved socioeconomic circumstance for individuals, families and communities.

Aboriginal and treaty rights to lands and resources are recognized as being critical to building the capacity to practise entrepreneurship, hence economic development. These rights represent a considerable ‘capital’ that Aboriginal people can bring to the economic development process. Beyond their economic value, these rights give Aboriginal people real control over activities on traditional lands including the right to ‘veto’ resource development projects.

Aboriginal people in Canada believe that they can achieve their purposes through participation in the global economy and have adopted processes that reflect this belief. They are creating businesses to compete in the global economy in order to generate the wealth necessary to preserve and strengthen their communities and improve socioeconomic conditions. At the same time, through business ownership, Aboriginal peoples expect to exercise greater control over activities in their traditional territories. They recognize that the success of this approach depends on the long-term profitability of the businesses that they create. In order to improve the viability of their businesses, Aboriginal people are forming partnerships of all types among themselves and with non-Aboriginal enterprises. They are also devoting considerable efforts to capacity building through education, training and institution building, along with the realization of the treaty and Aboriginal rights to land and resources.

It is important to note two things about this approach. First, it involves active participation in the global economy on a competitive business-based basis. Second, this participation, both the process and the objectives, is shaped by things distinctly Aboriginal. For example, Robinson and Ghostkeeper, in two papers discussing economic development among Indigenous people in Canada, suggest that they are rejecting industrial development imposed on them from the outside in favour of development strategies originating in, and controlled by, the community ‘with the sanction of Indigenous culture’ (Robinson and Ghostkeeper, 1987, p. 139). In their second paper, the authors argue, ‘a wide range of cultures may enable entrepreneurship and economic development to flourish’ (Robinson and Ghostkeeper, 1988, p. 173). They go on to suggest that the key to successful Indigenous development lies in recognizing in each culture those forces conducive to development and ‘designing development plans accordingly’ (ibid.).

Not just in Canada but worldwide, there has been increasing attention paid to Indigenous approaches to development ‘designed accordingly.’ For example, Agrawal says that the failure of neoliberal (market) and authoritarian and bureaucratic (state) approaches to development has led to a ‘focus on Indigenous knowledge and production systems’ (Agrawal, 1995, p. 414). He goes on to say that these efforts are an attempt ‘to reorient and reverse state policies and market forces to permit members of threatened populations to determine their own future’ (ibid., p. 432). For the most part, these efforts are not taking place outside the global economy, but within it. As Bebbington suggests, ‘like it or not, Indigenous peoples are firmly integrated into a capricious and changing market. Their well-being and survival depends on how well they handle and negotiate this integration’ (Bebbington, 1993, p. 275). He goes on to say that the Indigenous approach to negotiating this integration is not to reject outright participation in the modern
economy, ‘But rather to pursue local and grassroots control . . . over the economic and social relationships that traditionally have contributed to the transfer of income and value from the locality to other places and social groups’ (ibid., 281).

This is certainly true of the approach to development among Aboriginal people in Canada – the Nk’Mip Project is a case in point. Before examining the Nk Mip Project in more detail, in the next section we will examine wine and Aboriginal tourism. Our purpose is twofold: first, to describe both, and second, to identify factors important to successful participation in each.

Two tourisms: wine and Aboriginal
This section focuses on the two target markets central to the strategy underlying the Nk’Mip Project – wine tourism and Aboriginal tourism. A third (eco-tourism) could have been added but we feel we can accomplish our purposes without doing so. The first subsection provides a brief overview of wine tourism in general, identifying three keys to success. The second describes wine tourism in the Okanagan Valley. The third looks at the growing Aboriginal tourism sector.

Wine tourism
Globally, wine tourism continues to increase in popularity as wine lovers seek opportunities to taste and buy wine in unique settings. Successful wine tour operations are not limited to Old World producers. In fact, New World wineries have enjoyed considerable success from wine tour sales. In 1995, Australia wineries had five million visits, as did the Napa Valley in California (Getz et al. 1999, p. 20). Robert Mondavi Winery alone has over 300 000 visitors annually.

The wine tourism industry is more than just wine tasting at a winery. Hall and Macionis define it as the ‘visitation to vineyards, wineries, wine festivals and wine shows for which grape wine tasting and/or experiencing the attributes of grape wine region are the prime motivating factors for visitors’ (Hall and Macionis, 1998). Successful wine tourism regions have three things in common: (i) a well-deserved reputation for quality wines, (ii) a critical mass of wineries catering to the wine tourist, and (iii) complementary services and events. Producing good quality wines is essential but not sufficient to create a successful wine tourism region. A successful region must build a strong reputation in the mind of the market for quality wines and a quality wine tourism experience through effective marketing efforts. Quality has to be communicated to markets through promotional efforts to create brand awareness of wineries, wines and the region. Further, no matter how good the product, a few isolated wineries cannot support a viable wine tourism industry. A critical mass of wineries in relatively close proximity is essential not only to permit visitors to tour several facilities with ease, but also to provide the capacity to organize wine festivals and other events that help attract a large customer base to a region.

Finally the complete wine tourism experience must include complementary services and events to create a unique visit for the tourist. Complementary services and events include accommodations of all types, organized tours, other tourist attractions and recreation activities, fine dining facilities, good roads and other transportation services, and regional information sources. Success is also dependent on the ability of tourists to find wineries easily. Proper signage is necessary so that tourists do not become lost and confused. It is important to wine tourists that the signage reflects the wine theme of the region.
As wine tourism continues to grow, some areas, particularly Napa Valley, are experiencing high volumes of tourists, causing congestion and, in the opinion of some, over-commercialization. According to Halliday, ‘It [Napa Valley] witnessed exponential proliferation of wineries and cellar operations which were in fact more concerned with selling cheap tourist baubles than wine’ (Halliday, 1999). As a result, it has become a ‘victim of its own success’ at least in the minds of those wine tourists for whom a quality wine experience is important. This creates an opportunity for other wine regions to attract tourists interested in quality wines and quality wine tours. A large volume of such tourists is not essential. A small number of high-yield tourists can support a region. High-yield customers are those who travel to a region specifically for wine-related reasons and stay for an extended time. These customers are looking for the complete wine experience.

**Okanagan Valley wine industry and tourism**

The Okanagan Valley is located in the south central part of the province of British Columbia, Canada. The 124-mile long valley begins at the town of Osoyoos in the southern portion and runs north between the Cascade Mountains to the west and the Monashee Mountains to the east. The valley has distinct microclimates that range from the hot, sandy, desert in the southern valley to the cooler vineyard sites in the northern part of the valley. Chardonnay, Merlot, Cabernet Sauvignon, Pinot Gris and Pinot Noir are commonly grown in the south, while Pinot Blanc, Pinot Noir, Pinot Gris, Riesling and Gewürztraminer are grown in the mid and northern regions. The mid and northern areas also produce the region’s famed ice wines.

The most significant influence on the Canadian winery industry occurred 13 years ago when the North American Free Trade Agreement was implemented. The NAFTA agreement opened the Canadian market to superior California wines. At that time, the Canadian wine sector produced low-quality hybrid grapes. The Canadian federal government, in an effort to support Canadian vintners, provided financial assistance that enabled vintners to uproot their vineyards of hybrid grapes and plant vinifera varieties of grapes commonly found in Europe. Examples include, but are not limited to, merlot, chardonnay or gewürztraminer. This initiative has made it possible for Canadian vintners to compete in the continental market.

Wine production is a growing industry in the Okanagan Valley. Len Bykowski, president of the British Columbia Wine Institute in Kelowna, is quoted in the *Calgary Herald* newspaper as saying, ‘In 1990, we harvested 4,800 tons of British Columbia grapes, producing 2.9 million litres of wine. This year it’s anticipated to be 16,000 tons of grapes and 9.6 million litres of wine’ (Dolphin, 2002). As production has increased, so have the number of wineries. In 1990, the Okanagan Valley had 14 wineries; today there are 72, compared to 200 plus in the Napa Valley. These wineries account for 90 per cent of all wineries in British Columbia.

The relatively small size of the wine-producing sector in British Columbia forced the vintners to recognize the need to differentiate themselves from Californian and European operations. Many have sought to do so by producing high-quality, distinctive wines. Ice wine is an example of this differentiation strategy. In addition to high-quality wine, the wineries of the Okanagan strategy include the construction of top-end facilities, like those found in California or Europe, to attract potential customers who may have gone to Napa Valley in the past.
For wine tourists, the Okanagan Valley is divided into the north tour and the south tour. The north tour begins in the city of Kelowna and includes Sumac Ridge Estate Winery, Hainle Vineyards Estate Winery, Mission Hill Winery, Quails’ Gate Estate Winery, Pinot Reach Cellars and Gray Monk. The largest winery of the north tour is Mission Hill, which had 100 000 visitors in 2001. The company is forecasting an annual 25 per cent visitor growth rate. For the past 22 years, the city of Kelowna has hosted the Okanagan Fall Wine Festival. In 2002, the Festival attracted 125 000 people, a 44 per cent increase on the previous year.

The south tour begins 35 minutes south of the city of Penticton, passing through the towns of Okanagan Falls and Oliver and eventually ending in Osoyoos. The wineries most commonly visited include Inniskillin Okanagan Valley Vineyards, Hester Creek Estate Winery, Gehringer Brothers Estate Winery, Tinhorn Creek Vineyards, Blue Mountain Vineyard and Cellars and Hawthorne Mountain Vineyards. The town of Oliver is the self-appointed ‘wine capital of Canada’. The claim has some credibility as Oliver is surrounded by 13 wineries. Oliver’s closest rival, the town of Niagara-on-the-Lake in Ontario, has ten wineries. Some 50 per cent of British Columbia’s wine production comes from wineries located between Osoyoos and Oliver. The region grows 15 to 25 per cent of all grapes produced in Canada and has 10 per cent of all wineries within the country. Ten years ago, only three wineries were operating in the Oliver Area. Nk’Mip Cellars is the southernmost winery on the south tour. It is strategically located at the junction of the valley’s north–south highway (the wine route) and a major east–west transportation route leading from recreation areas in eastern British Columbia, and the rest of Canada beyond, to Vancouver on British Columbia’s Pacific coast. Nk’Mip Cellars is the first winery travellers will encounter entering the Okanagan Valley from the south, and it is the only Okanagan winery directly accessible to drivers on the east–west route.

It is not just the award-winning wines and quality wineries that draw people to the Valley, but also the beautiful scenery, agreeable climate and numerous outdoor adventure opportunities such as horseback riding, bicycle tours, mountain biking, golfing and hiking. The region, without the wineries, is considered an ideal vacation destination.

Some Oliver area wineries and businesses have alternative summer offerings for the less wine-inclined. Packages combine winery tours with activities such as hiking, bird watching at nearby Vaseaux Lake or walks through the Desert Centre by Osoyoos. These packages are aimed at couples and middle-aged ‘empty nesters’. The area also offers events such as the Tinhorn Creek Vineyards summer concert series at its amphitheatre. Wineries have also worked together to establish hiking trails between vineyards. A ten-kilometre trail has been developed between Tinhorn Creek Vineyards and the neighbouring wineries of Gehringer Brothers and Hester Creek. Hikers are able to enjoy a self-guided vineyard and winery tour that leads guests through a step-by-step winemaking process.

Aboriginal tourism
In 2000, the tourism industry in Canada was valued at $54.1 billion and employed almost 550 000 people. Aboriginal tourism accounts for less than 1 per cent of this total, generating $300 million annually and employing 16 000 people through an estimated 1500 Aboriginal owned and operated businesses. Forecasts predict that Aboriginal tourism annual revenue will rise to $1.9 billion within a decade. In comparison, New Zealand has 150 Maori-owned tourism businesses and Australia has 200 Aborigine-owned businesses with annual sales totalling $130 million.
Currently the vast majority of tourists utilizing Aboriginal tourism businesses are from Canada and the United States. However, recently, Canadian Aboriginal tourism has been generating significant interest from travellers in Europe. This European interest in Aboriginal sites and attractions, while promising, is constrained by limited market awareness of Aboriginal tourist destinations and poor access to effective distribution intermediaries. Anecdotally it appears Europeans are interested in experiencing an Aboriginal tourist location, but are not aware of their options, or who to speak to, regarding this type of vacation.

In spite of the general low awareness level of Canadian Aboriginal tourist destinations in the European market, there are 30 tour operators in France that include Aboriginal destinations in the packages they offer to customers, and another 30 in Germany. These tour operators indicate some difficulty selling stand-alone Aboriginal destinations. Instead, they find that such destinations can be important as a value-added component of larger tour packages that include non-Aboriginal attractions as well.

This issue is a significant concern because 70 per cent of Europeans, when travelling internationally, employ the services of a tour operator. To generate awareness of Aboriginal tourist destinations among European tourists, marketing efforts must be directed at tour operators and, through them, to their customers. These marketing efforts should highlight the Aboriginal lifestyle and culture, in conjunction with the themes of nature, history and adventure in Canada.

The Nk’Mip Project
The Osoyoos Indian Band, Nk’Mip as it is known in the Okanagan dialect of the Salishan language, was formed on 21 November 1877. It now has 370 members on a land-base of 32,000 acres in the southern Okanagan Valley. The land of the OIB is among the most environmentally sensitive in Canada. On it is part of Canada’s only desert ecosystem. More than 60 per cent of this unique ecosystem has been completely destroyed by urban and agricultural settlement, and less than 10 per cent remains relatively undisturbed, much of this on Osoyoos land.

This desert ecosystem provides habitat for a third of Canada’s endangered species, among them half the vertebrates considered at risk, more than 100 rare plants and 300 rare invertebrates. Yet it is this land that is the foundation for much of the OIB’s wine/tourism-related economic development activity. As Stephen Hume says this seems to produce ‘two colliding realities – the carefully manicured fields of industrial scale viticulture . . . and the dusty, dishevelled sweep of prime rattlesnake habitat that hasn’t changed since some Okanagan warriors rode south to fight the Americans on the side of Chief Joseph and the Nez Percé (Hume, 2001).

To Clarence Louie, current Chief of the OIB, the appearance of colliding realities is deceiving. Instead, these disparate pieces are not only compatible, they are complementary – so much so that one cannot exist without the other. For Chief Louie, economic development and the self-sufficiency it creates is the best way to secure the right of his people to be who they are, to take pride in their heritage and to protect the fragile desert landscape in which a good part of their cultural identity is forever rooted. The Nk’Mip project is the product of this belief.

Before describing the Nk’Mip Project in some detail it is important to look at the other economic development activities of the OIB. The band created the Osoyoos Indian Band
Development Corporation (OIBDC) to own and operate its businesses. The motto of the
development corporation is ‘working with business to preserve our past by strengthening
our future’. Through the OIBDC, the band owns and operates nine profitable enterprises:
a construction company, a sand and gravel company, a forestry company, a campground,
a recreational vehicle park, a golf course, two housing developments and a grocery store.
Nk’Mip Cellars is the tenth business. Two of the development objectives of the band are
(i) to achieve full employment for its members, and (ii) to become economically self-
sufficient by 2010. These and OIB’s other goals are presented in Figure 27.4. All five are
consistent with the Aboriginal approach to development described above.

In 1994, the OIB had self-generated revenues from commercial activities of $1.3
million. By 2002, revenues from business activities had increased to $14.3 million, a more
than tenfold increase. Further, in 1994, the value of payments received from the federal
government exceeded self-generated revenues. By 2002, self-generated revenues were seven
times the amount of federal government payments, not yet self-sufficient, but making
clear progress towards the second goal: ‘to decrease the dependency on government
funding through increased level of self-generated income, joint ventures, leasing, land and
resource development so that economically we can one day be self-sufficient’ (OIB, 2003).

- to increase the level of education in the following areas: academic, athletic, vocational and cultural – and
  that this responsibility will be shared by the Band, parents and students to be motivated to lifelong
  learning;

- to decrease the dependency on government funding through an increased level of self-generated income, joint
  ventures, leasing, land and resource development so that economically we can one day be self-sufficient;

- to develop programs that reduce dependency and create community involvement that brings back the
  traditional Indian concepts of honour, caring, sharing and respect;

- to promote a well-disciplined organization that will reduce the political influence within the Band and its
  agencies;

- to increase the standard of living opportunity for every Osoyoos Indian Band member.


Figure 27.4 Osoyoos Indian Band goals
Success on the employment front has been equally impressive. By 2002, the OIBDC business had created so many jobs that people from other bands and non-native workers from off the reserve were needed to supplement the Indian workers from the OIB. In an article in *Windspeaker* (Petten, 2001), Chief Louie credits the continuing success of the OIBDC and its many businesses to three main factors: location, band ownership of land and an entrepreneurial attitude.

As discussed in the previous section, the Okanagan Valley is a major tourist destination for Canadian and foreign travellers in summer and winter. The Osoyoos Indian Band’s location in the valley, the nature of its lands and its long involvement in the wine industry meant that it was well-placed to participate effectively in the large and growing tourism industry. Complementing the location of the Band’s land was the fact that almost all 32,000 acres were owned and controlled by the community as opposed to individuals. This made large, community-owned, integrated enterprises like the vineyards, the winery and the interpretative centre possible. Location and community ownership in and of themselves would not have resulted in successful businesses. Someone had to see the inherent opportunities in these circumstances and develop businesses to take advantage of these opportunities: the Chief’s final factor, an entrepreneurial attitude. Someone, or more correctly several ‘someones’, have; hence the OIB success to date.

The OIB current activities and future plans centre on a group of business activities together called the Nk’Mip Project. Included in this $25 million project are (i) the recently opened winery – Nk’Mip Cellars – and associated vineyards, (ii) a recreation vehicle park and campground (opened), (iii) the $5 million Nk’Mip Desert and Heritage Interpretive Centre, currently operating out of temporary facilities, (iv) a 120-room full service hotel in the planning stages, and (v) a golf course (in addition to the one they already own and operate) also in the planning stages. The existing and proposed ventures will be located in close proximity on a 1200-acre parcel of band land that adjoins the town of Osoyoos and fronts onto Osoyoos Lake. The intention is to appeal, not just to the wine and eco/cultural tourism market segments, but also to the more general vacation market with golf, water sports, trail-rides and the like, and accommodation for campers, those using recreation vehicles and those preferring hotels. Nonetheless the success of the project depends on successful participation in the wine tourism and eco/cultural tourism market segments. Nk’Mip Cellars and the Nk’Mip Desert and the Heritage Interpretive Centre are the vehicles being developed by the OIB to pursue this success. The two are described in some detail in the following paragraphs.

The $5 million Nk’Mip Desert and Heritage Interpretive Centre is being developed to appeal to the growing market for cultural/eco tourism by educating visitors about 3000 years of Osoyoos band history and the unique nature of the desert environment. Chief Clarence Louie says: ‘The Desert and Heritage Centre is probably going to be our biggest business venture, and it’s going to combine all of those things that you see in a first-class desert interpretive centre – the educational stuff, the scientific stuff, the desert trails, the walks, the scientific interpretive stuff . . . the other major component of it, which is really special, is the uniqueness of the Okanagan First Nations, with the language and the heritage and the cultural component to it.’

While appealing to the cultural/eco tourism market, indeed as part of the appeal to that market, the centre will preserve up to 1000 acres of the unique desert ecosystem. It will also work to restore habitat, and reintroduce to the area species at risk.
The plans for a permanent building for the centre have been developed. The OIB is in the process of raising the necessary capital. In the interim, the centre is housed in a temporary building containing a gift shop. Explaining the decision to use the temporary facility, Chief Louie says: 'I don’t care what kind of business you run, there’s always adjustments to be made. You know, you have to prove the numbers that you’re contemplating as far as visitors, and prove that the business has the capabilities of financially surviving. And also, in order to build a multi-million dollar building, it’s good to go through the initial stage of having a temporary structure, just to prove all the work you’re going to do and millions and millions of dollars of fundraising makes financial and business sense’ (Petten, 2002). As well, a start has been made on the interpretive trails and a traditional Okanagan village has been built.

The centre began operation in the temporary facility on 13 June 2002 with the gift shop half-stocked and admission by donation. By 15 July, the retail store was fully stocked and the centre began charging full admission. From its opening in June to 30 September, the Nk’Mip Desert and Heritage Interpretive attracted 3865 visitors (down from projections). It is important to note that Nk’Mip Cellars did not open until September 2002, six months later than planned, so these visitors were attracted solely by the centre. Visitors spent an average of $8.20 per person on food and gifts (up from projections). Total revenue for the period was $52,000, 61 per cent ($31,700) from the gift shop. According to centre manager Geraldine Manossa, in 2003, ‘The gift shop became a destination on its own for tourists and local people. With this in mind, the gift shop is now called ‘Coyote’s Gifts’ creating an identity for the shop to stand alone as an attraction with added revenue in some months when the centre is closed. People want to buy goods that relate to the Nk’Mip Desert & Heritage Centre and its programs. Next year we will be expanding products that have our logo as well as featuring postcards and prints that show the site’s sculptures, interpretive village, and local wildlife.’

Manossa is optimistic about the future even in the temporary facility. She feels that, ‘with adequate marketing and a full-season of operations next year, tripling gross-revenue is easily achievable’.

Now the winery. Nk’Mip Cellars, opened in September 2002, is the culmination of almost 35 years of Osoyoos Indian Band involvement in the wine industry. The story begins in 1968. In that year, in association with Andres Wines Ltd, the OIB began planting its first vineyard. This has grown into the band-owned 230-acre Inkameep Vineyard, 20 kilometres north of Osoyoos. The vineyard provides high-quality vinifera grapes to many of the wineries in the Okanagan valley and some further afield. There are another 1000 acres of vineyard on Osoyoos land, most owned by Vincor International Inc. Vincor is Canada’s largest wine producer and OIB’s joint venture partner in Nk’Mip Cellars. By the end of 2003, almost 25 per cent of the vineyard acreage in the Okanagan valley was expected to be on Osoyoos land.

The next phase of the OIB’s involvement in the wine business occurred in 1980. The band erected a building near the Inkameep Vineyard for T.G. Bright & Co. (now Vincor), which leased it for 25 years and equipped it as a winery. That lease has since been extended and Vincor is currently spending $10 million on a major expansion of the winery. Speaking of the company’s ongoing relationship with the Osoyoos Indian Band, Donald Triggs, chief executive officer of Vincor, says
We have a very long and important relationship with the Band. Two-thirds of the employees in the Oliver winery are from the band. Our relationship goes back 25 years. Our winery is on band land. We now have vineyards developed on band land of over 800 acres. Our future in the Okanagan is very much intertwined with the future of the band. (Schreiner, 2002)

According to Julianna Hayes, the relationship between Vincor and OIB is a business partnership pure and simple. Vincor get access to vineyards in one of the hottest and richest growing climates in Canada. The Osoyoos Band gets the resources to develop their land and obtain a piece of an emerging industry (Hayes, 2002).

Nk’Mip Cellars is the next phase in the business partnership between the OIB and Vincor. Nk’Mip Cellars opened on 13 September 2002. The $7 million project includes the 18 000 square foot winery (see Figure 27.3) and a 20-acre vineyard. It is North America’s first Aboriginal winery, and possibly second in the world (a Maori-owned winery opened in New Zealand in 1998). The OIB provided an operating line of almost $1 million and $2 to 3 million from various federal agencies and for this investment owns 51 per cent of the venture. Vincor invested about $3 million and owns the remaining 49 per cent. At least as important as the money is Vincor expertise. As Don Triggs, Vincor’s chief executive says, ‘We have shared with them everything that we know in design of the winery, in processing and in managing hospitality’ (Schreiner, 2002). Vincor will be the managing partner in Nk’Mip for ten years, after which it can sell its interest to the band. The business plan calls for the winery to turn a profit in three years.

With a capacity of 15 000 cases, the Nk’Mip winery is not large. As Don Triggs says, ‘we’ve not targeted it to make large quantities of wine. The real objective here is to make small quantities of very high-end wine’ (Schreiner, 2002). The wines Nk’Mip currently produces are Chardonnay, Pinot Blanc, Pinot Noir and Merlot, using grapes exclusively from the Band’s own Inkameep Vineyard. Nk’Mip expects to sell at least 40 per cent of this output to visitors to the winery. Most of the remaining production will be distributed through Vincor’s marketing channels to restaurants and specialty wine stores, notably the 12 VQA stores in BC. There is also an interest in the international market. A group of international wine writers was invited to the Nk’Mip Cellars’ official opening. Chief Louie’s hope is that ‘the international wine writers liked the experience, and will through their praise, market our wine to the world’ (Petten, 2002).

From its opening on 13 September 2002 to 30 January 2003 (the off-season for tourism in the Okanagan Valley), Nk’Mip Cellars received 5642 visitors. The average expenditure per person by month was: Sept. $13.84, Oct. $15.38, Nov. $24.18, Dec. 33.82, Jan. 22.60, almost all on wine. During this period the interpretive centre was closed. Which brings us to the present. The winery and interpretive centre entered their first full season of operation in the spring of 2003. Will the results meet expectations?

Summary
Through its Nk’Mip Project, the OIB is seeking to compete effectively in the wine tourism and eco/cultural tourism markets. The question is, can they do so? There is a two-part answer to this question. The first relates to potential. To this we answer, yes. They have the markets, location and products in place that should allow them to compete effectively in both markets, and beyond that to realize synergies between the two markets.
The second part of the answer relates to the realization of this potential. The answer to this is, it depends, and what it depends on is the final element of the marketing mix: promotion.

First to elaborate on the potential. Without a doubt the two market segments identified by the Nk’Mip Project are attractive. Both have grown steadily over the last decade and both show good promise for continued strong growth. Both markets are far from saturated. Indeed they are at the stage where additional quality participants are likely to contribute to overall growth, benefiting existing competitors rather than taking market share from them.

The location of the Nk’Mip Project in the Okanagan Valley and its specific location within the valley satisfy the criteria for successful participation in both segments. From a wine tourism perspective, in the valley there is a critical mass of wineries with an earned reputation for quality and a good selection of wine-related activities and services. Beyond that, the valley is a major tourism recreation destination summer and winter, well served by road, rail and air. Nk’Mip’s location at the southern end of the valley provides the project with particular location advantages with respect to both wine and eco/cultural tourists. Its location at the southern gateway of the wine tourism region means that Nk’Mip Cellars is the first winery that tourists see when they enter the valley from the south, or the last stop on the trail when they leave. In addition the project has access to the east–west traffic on Highway 3, something available to no other Okanagan winery. From an eco/cultural tourism perspective, the project has the additional locational advantage provided by the unique desert ecosystem in which it is situated.

Building on its locational advantages, the Nk’Mip Project has product offerings that should satisfy both wine and eco/cultural tourists. Nk’Mip Cellars will provide quality wines and a quality wine experience on its own and as part of the larger critical mass of wineries and wine-related activities in the valley. The unique eco/cultural experience provided by the interpretive centre will add to the overall experience of the wine tourist. At the same time, the interpretive centre will be marketable in its own right to eco/cultural tourists from North America, Europe and elsewhere. To this group, the winery will be an interesting value-added attraction. The other features of the Okanagan valley will provide the more comprehensive destination experience that these tourists in both segments desire. The Nk’Mip project campground, recreation vehicle park, full-service hotel and golf course will also add value for both groups.

Focusing on attractive markets, providing good products and having a good location are not sufficient for success. The final piece of the puzzle is promotion. The target customers must be informed before they can partake of the products and service offered. Here the OIB faces two distinct challenges, one for each market. Promoting the wine-related offering to wine tourists is the more straightforward of the two. The customers are already in the valley and are motivated. They simply need to be made aware of Nk’Mip Cellars and ‘they will come’. The vehicles for creating such awareness exist: themed signage, tour maps, organized tours, tourist information centres, wine festivals and the like. Nk’Mip Cellars must make use of them.

Attracting eco/cultural tourists is more challenging because, unlike the wine tourists, they are not already coming to the valley in large numbers. One obvious target is the European market. There is strong evidence that European travellers are seeking Aboriginal tourist destinations. The European traveller is looking for sites with
Aboriginal lifestyle and culture, but also wants a broad-based experience. The Nk’Mip Project and, more generally, the Okanagan, offer such an experience. Travel operators have a high level of influence on the travel plan decision process, as shown by the number of Europeans using travel operators for international travel plans. Tour operators require information so they can assist their clients with travel plans. Initial promotional activities could be focused on the 60 tour operators in France and Germany currently offering Aboriginal tour packages. The interest is there, but the information is lacking.

Conclusion

The Nk’Mip Project is very consistent with the characteristics of Aboriginal economic development. The community is central to the project in many ways. The land that is the foundation of the project is community-owned. The businesses and OIB’s business activities are also community-owned and, while the management of the business is in the hands of the Osoyoos Indian Band Development Corporation, the OIBDC is under the direct and close control of the community leaders: the Chief and Council. The development objectives of the OIB, while broader than the purposes of Aboriginal development, certainly encompass them. There is no doubt that the Osoyoos people seek (a) to attain economic self-sufficiency as a necessary condition for the preservation and strengthening of communities, (b) to control activities on traditional lands, (c) to improve the socio-economic circumstances of Aboriginal people, and (d) to strengthen traditional culture, values and languages and reflect the same in development activities.

It is also clear that the process the OIB has adopted to achieve their purposes is consistent with the one displayed in Figure 27.4: first, creating and operating businesses that can compete profitably over the long run in the global economy (a) to exercise control over activities on traditional lands, and (b) to build the economy necessary to preserve and strengthen communities and improve socioeconomic conditions; second, forming alliances and joint ventures among themselves and with non-Aboriginal partners to create businesses that can compete profitably in the global economy; and, finally, building capacity for economic development through (i) education, training and institution building and (ii) the realization of the treaty and Aboriginal rights to land and resources.

The evidence suggests that the development process is resulting in good progress toward the attainment of the OIB’s goals. It also shows this success depends on the successful practice of entrepreneurship and marketing (and it is impossible to say where one ends and the other begins). Business by business opportunities have to be identified, markets researched, and products developed and made available to people where and when they want them at an acceptable price. And, critically, an effective promotion campaign must be developed and implemented to inform the market about the existence of the product or service. To paraphrase an old saying, no matter how much better the mousetrap, customers will not beat a path to your door, especially if they do not know where your door is. The experience of the European tour operators with Aboriginal tourism products is a case in point.

Finally, it is important to note that the people of the OIB are not the only ones benefiting from their successful development efforts. There are important spillovers to the surrounding non-Aboriginal communities, and the region as a whole.
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Notes

1. 1991 Census data are used because they form the baseline for a series of projections that are part of the Report of the Royal Commission on Aboriginal People. Development progress, or the lack thereof, can be measured against this baseline.
2. The Aboriginal economic development strategy and the role played by entrepreneurship and business development in this strategy are described in much greater detail in Anderson (1999, 2002).
7. Ibid.
8. Ibid.
9. See the Centre’s website at http://www.nkmipdesert.com/.

References

Brady, Margaret (2001), National Post, 27 August.
Costantineau, Bruce (2002), Vancouver Sun, 20 August.
Introduction
In the Canadian province of Saskatchewan, as is the case elsewhere, Indigenous peoples are struggling toward self-determination, to rebuild their ‘nations’ and improve their socioeconomic circumstances. Many see participation in the mainstream globalized economy through entrepreneurship and business development as a path toward economic improvement and nation ‘rebuilding’. As previous work by Anderson and various co-authors indicates (see Figure 28.1), Aboriginal people want this participation in the mainstream, globalized economy to be on their own terms and for their own purposes. Traditional lands, history, culture and values play a critical role in this process. So does capacity building, both financial and human.

Entrepreneurship – the identification of unmet or undersatisfied needs and related opportunities, and the creation of enterprises, organizations, products and services in response to these opportunities – lies at the heart of the Aboriginal economic development strategy. Through entrepreneurship and business development they believe they can attain their socioeconomic objectives. However this entrepreneurship is somewhat different from the classic notion of entrepreneurship in both motivation and process. There is a greater emphasis on collective activity than individual, and a greater emphasis on community and cultural preservation than would be expected of purely market-driven entrepreneurial activities. The differentiating features of Aboriginal entrepreneurship in Canada, and Indigenous entrepreneurship worldwide, are explored in more depth in the paragraphs that follow.

It is important to note two things about the Aboriginal approach to development described in Figure 28.1. First, it involves active participation in the global economy on a competitive business-based basis. Second, this participation, both the process and the objectives, is shaped by things distinctly Aboriginal. For example, Robinson and Ghostkeeper, in two papers discussing economic development among Indigenous people in Canada, suggest that they are rejecting industrial development imposed on them from the outside in favour of development strategies originating in, and controlled by, the community ‘with the sanction of Indigenous culture’ (Robinson and Ghostkeeper, 1987, p. 139). In their second paper, the authors argue, ‘a wide range of cultures may enable entrepreneurship and economic development to flourish’ (Robinson and Ghostkeeper, 1988, p. 173). They go on to suggest that the key to successful Indigenous development lies in recognizing in each culture those forces conducive to development and ‘designing development plans accordingly’ (Robinson and Ghostkeeper, 1988, p. 173).

Interest by Indigenous people in participating (or not) in the global economy is not restricted to Canada. It is a worldwide phenomenon. For example, increased poverty, environmental degradation and business volatility as a result of structural adjustment
programmes among Indigenous peoples in South America has triggered their participation in the market economy as a means of gaining local control. Agrawal says that the failure of such neoliberal (market) and authoritarian/bureaucratic (state) approaches to development has led to a ‘focus on Indigenous knowledge and production systems’ (Agrawal, 1995, p. 414). He goes on to say that these efforts are an attempt ‘to reorient and reverse state policies and market forces to permit members of threatened populations to determine their own future’ (ibid., p. 432). For the most part, these efforts are not taking place outside the global economy, but within it. As Bebbington suggests, ‘like it or not, Indigenous peoples are firmly integrated into a capricious and changing market’ (Bebbington, 1993, p. 275). Generally the Indigenous approach to negotiating this integration, he continues, is not to reject outright participation in the modern economy: ‘But rather to pursue local and grassroots control . . . over the economic and social relationships that traditionally have contributed to the transfer of income and value from the locality to other places and social groups’ (ibid., p. 281).

The approach to development among most Aboriginal people in Canada is an example of one way that Indigenous people are attempting to integrate into the world economy.

<table>
<thead>
<tr>
<th>The Aboriginal approach to economic development is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. A predominantly collective one centered on the community or ‘nation’,</td>
</tr>
<tr>
<td>for the purposes of:</td>
</tr>
<tr>
<td>2. Ending dependency through economic self-sufficiency,</td>
</tr>
<tr>
<td>3. Controlling activities on traditional lands,</td>
</tr>
<tr>
<td>4. Improving the socioeconomic circumstances,</td>
</tr>
<tr>
<td>5. Strengthening traditional culture, values and languages (and reflecting the same in development activities),</td>
</tr>
<tr>
<td>by means of:</td>
</tr>
<tr>
<td>6. Creating and operating businesses that can compete profitably over the long run in the global economy.</td>
</tr>
<tr>
<td>7. Forming alliances and joint ventures among themselves and with non-Aboriginal partners to create businesses that can compete profitably in the global economy.</td>
</tr>
<tr>
<td>8. Building capacity for economic development through (i) education, training and institution building, and (ii) the realization of the treaty and Aboriginal rights to land and resources.</td>
</tr>
</tbody>
</table>

Source: Adapted from Anderson (1999).

**Figure 28.1 The characteristics of Aboriginal economic development**
However, not all Indigenous people are attempting to participate actively in the global economy on their own terms; some are choosing to resist its inroads, while others are seeking to transform it through evolution or revolution.

In the section that follows, we explore the theoretical feasibility of Indigenous people negotiating their integration into the global economy in a manner that leaves them a reasonable level of control over the terms, conditions and outcomes of such integration, and how this might be accomplished. Following the discussion of theory, we turn our attention back to economic development in Aboriginal communities in Canada and the role played in the process by a variety of factors, such as population, land base, location with respect to urban centres and resources, accessibility/isolation, strategic approach to participation in the economy and cultural and group factors such as social capital.

**Theoretical perspective**

Modernization theory is the core belief that has dominated much of the development paradigm and practice. There are a number of notions that are part of this theory. First, it sees progress as passing through various stages. It implies that, in order to progress and develop, traditional societies have to move toward modernity (Crewe and Harrison, 1998). ‘Modernization’ and ‘development’ came to be used as synonymous terms. Secondly, monetary income and, therefore, economic growth are regarded as key elements in measuring the quality of life. Thirdly, humans are or should be motivated by self-interest and rational economic behavior (ibid.; Burke, 1993). From this point of view the development of a country is measured in Western economic terms, with the expectation that ‘underdeveloped’ countries will over time assume the qualities of industrialized nations (Burke, 1993). One of the underlying assumptions of modernization is that traditional culture and social structures are barriers to progress. This can be seen in the following quotation:

> Pre-existing social relations . . . family, kinship and community, constitute obstacles to business enterprises and achievement . . . Successful capitalism involves some rupturing of existing social relations and possibly the diminution of affective relations to leave more space to impersonal, calculating forms of social interaction believed to characterize the market economy. (Moore, 1997, p. 289)

Dependency theory has emerged as a critique of the failure of the modernization agenda to deliver the anticipated development outcomes, but even more fundamentally to draw attention to what was seen as a new form of colonization. In this analysis, the corporation and/or the developed states (particularly the United States), but also the World Bank, IMF and GATT, are cast as villains (Klitgaard, 1990; Hancock, 1989). Rather than leading the underdeveloped to a development state, the actions of the developed world are seen as the original (through conquest and colonialism) and continuing (through economic exploitation) cause of underdevelopment. According to the dependency critiques, participation by the underdeveloped in the global capitalist economy as it is currently constructed can only exacerbate their circumstances, not improve them. The evidence since the Second World War certainly offers some support for this view. The gap between the rich and the poor within and among states has widened, not closed in spite of six decades of development efforts of various types.
Even as modified in recent years (So, 1990), the modernization and dependency perspectives present incompatible views of the relationship between a developing people/region and the developed world. In particular circumstances, one or the other of these approaches can often adequately explain what happened. However, when applied in any particular circumstance to offer insight into what might happen, the two produce conflicting answers, thus providing contradictory guidance to groups searching for a path to development as they perceive it.

In the closing three decades of the twentieth century, the conflict between the modernization and dependency perspectives led many to conclude that both are incomplete (as opposed to wrong) with each describing a possible but not inevitable outcome of interaction between local regions, seeking what they regard as a better form of life, and the global economy. In this vein, Corbridge says that there has been a powerful trend towards ‘theories of capitalist development which emphasize contingency . . . a new emphasis on human agency and the provisional and highly skilled task of reproducing social relations’ (Corbridge, 1989, p. 633). As Tucker states, this allows ‘for the possibility of incorporating the experience of other peoples, other perspectives and other cultures into the development discourse’ (Tucker, 1999, p. 16). Development need not be as defined by the ‘developed world’ and the interaction between a particular people and the global economy need not be as envisaged by the modernization or dependency perspectives; it can be something else entirely. Why not that which is being sought by Indigenous people – development as they define it?

Regulation theory is one of the new approaches to development that emphasizes contingency and human agency. Hirst and Zeitlin say that it executes the following:

A slalom between the orthodoxies of neo-classical equilibrium theory and classical Marxism to produce a rigorous but nondeterministic account of the phases of capitalist development that leaves considerable scope for historical variation and national diversity. (Hirst and Zeitlin, 1992, p. 84)

Expanding on this notion of variation and diversity, Elam says that, on one hand, national and regional units are constantly in a state of flux as they adjust to the influences of the global economy. All must accommodate themselves at least to some extent to its hegemony. At the same time, these broader global influences ‘are seen as having essentially local origins’ (Elam, 1994, p. 66). This translates into a counter-hegemonic potential in terms of the activities actually undertaken by people as they negotiate their way locally through the global economy. It is not simply a case of conform or fail. Indigenous peoples are thus increasingly moving from a primarily inward orientation towards an outward-oriented approach (Migdal, 1974).

Regulation theory analyses the global economy ‘in terms of a series of modes of development based on combination of the currently ascendant regime of accumulation and a variety of modes of social regulation’ (Hirst and Zeitlin, 1992, pp. 84–5). The regime of accumulation determines the general possibilities for the economy. Scott says it ‘can be rather simply defined as a historically specific production apparatus . . . through which surplus is generated, appropriated, and redeployed’ (Scott, 1988, p. 8). Importantly, with respect to geographic scale, the regime of accumulation is a ‘relationship between production and consumption defined at the level of the international economy as a whole’ (Hirst and Zeitlin, 1992, p. 85); it is what most refer to as the ‘global economy’.
If the world were Adam Smith’s, peopled by the universal perfectly rational ‘economic man’, no regulation of the global economy beyond the ‘invisible hand’ of perfectly functioning markets would be required. But the world is not Smith’s; people are far from perfectly rational, and they are driven by many things not economic. Further they are far from universal in the nature of their variations from the ‘perfect’. As a result, Scott says that stability in the global economic system is dependent on the emergence of a further set of social relations that preserve it, for a time at least, from catastrophic internal collisions and breakdowns. These relations constitute a mode of social regulation. They are made up of a series of formal and informal structures of governance and stabilization ranging from the state through business and labor associations, to modes of socialization which create ingrained habits of behaviour, and so on. (Scott, 1988, p. 9)

Hirst and Zeitlin agree saying that a mode of social regulation (MSR) ‘is a complex of institutions and norms which secure, at least for a certain period, the adjustment of individual agents and social groups to the overarching principle of the accumulation regime’ (Hirst and Zeitlin, 1992, p. 85).

While regulation theory does not prescribe the exact nature of a particular mode of social regulation, it is generally agreed that, first, a regime of accumulation does not create or require a particular mode of social regulation; ‘each regime, in short, may be regulated in a multiplicity of ways’ (Scott, 1988, p. 9). Second, because modes of social regulation are based on such things as ‘habits and customs, social norms, enforceable laws and state forms’ (Peck and Tickell, 1992, p. 349), unique modes ‘can exist at virtually any territorial level – local, regional, national, global’ (Storper and Walker, 1989, p. 215).

Another aspect of regulation theory – its historicity – adds further strength to the argument that modes of social regulation, and therefore modes of development differing considerably one from another, can and do emerge at every geographic scale. Corbridge (1989) says regulation theory indicates that the global economic system has gone through four stages in the twentieth century. In stage one, the system was in equilibrium. Stage two was a period of crisis or disequilibrium resulting from a shift from the extensive to the Fordist regime of accumulation. Equilibrium returned in stage three, when suitable modes of social regulation emerged. The fourth (current) stage is also one of crisis caused by a failure of the monopolistic mode of social regulation (in all its variants) to accommodate a ‘selective move from mass production [the Fordist regime accumulation] to various forms of flexible production’ (Norcliffe, 1994, p. 2).

Forces resulting in the shift to the new flexible regime of accumulation include (i) technical limits to rigid fixed capital production techniques, (ii) working-class resistance to Taylorist and Fordist forms of work organization (Jessop, 1989), (iii) a change in consumption patterns ‘toward a greater variety of use values . . . [that] cannot be easily satisfied through mass production’ (Amin, 1994, p. 12), (iv) the increasing mobility of capital and the resulting ability of transnational corporations (TNCs) to move among spatially-bounded regulatory jurisdictions in the pursuit of greater profits (Leyshon, 1992), and (v) in the face of this internationalization of capital, the inability of national Keynesian policies [all variants of the monopolistic mode of social regulation] to avert crisis (Komninos, 1989).

Everywhere and at every geographic scale – community, subnational region, national, supranational regions and globally – Indigenous or not, people are struggling to develop modes of social regulation that will allow them to interact with this new flexible regime of
accumulation on their terms. As they do this, they are building the ‘new economy’, not simply reacting to it. Two related questions come to mind: Can we ‘get it right’? and What will this new economy look like if we ‘get it right’? While it is a ‘work in process’, the nature of the flexible regime of accumulation is becoming clearer and multiple overlapping modes of social regulation are emerging. Both are briefly described in the paragraphs that follow.

First, the flexible regime of accumulation. Storper and Walker (1989, p. 152), compare it to Fordism, saying that flexible production systems have the following:

- more general purpose equipment and machinery, especially machines based on variable labour processes and/or programmable computerized equipment;
- smaller, more specialized workplaces and firms and greater reliance on subcontracting;
- greater attention to demand variations, to which the quantity of inputs and outputs can be rapidly adjusted by altering the procedures or the mix of participants;
- collective social and institutional order in place of hierarchical control exercised by the mass production corporation;
- more temporary and part-time hiring and more relaxed internal rules for assigning workers and managers to various tasks.

Expanding on this, Steven Goldman says the flexible regime exhibits

A distinct set of relationships, interdependencies, and forms of interaction among suppliers, producers, distributors, and customers. It demands new approaches to organizing, operating, and measuring the performance of both individual companies and clusters of cooperating companies. (Goldman, 1995, p. 1)

He goes on to say that in

a competitive environment of continuous and unanticipated change [companies are finding it] advantageous on the grounds of cost, speed, or market penetration, to utilize only some company-owned resources, combining them with others available in other companies. (Goldman, 1995, pp. 6–7)

As a result of these features of the flexible regime of accumulation, there has been a shift in the ‘who’ companies consider to be stakeholders and how they behave toward these groups. Nowhere is this truer than in the relationship between companies and the communities where their customers and employees live and where they conduct their activities. In spite of globalization, everything a company does it does somewhere, every employee and every customer lives somewhere and inputs of raw material and capital goods come from somewhere; and all these somewheres are located in communities of some sort. Because of this, as companies forge networks of suppliers, subcontractors and marketing channel partners and seek to control them through ‘collective social and institutional order in place of hierarchical control’ (Storper and Walker, 1989, p. 152), they are much more likely to see communities as valued members of networks as opposed to something external to them. This suggests that the emphasis on alliances with non-Aboriginal companies in the Aboriginal approach to development is well founded.

This leads us to a discussion of the modes of social regulation emerging in response to the demands of the flexible regime of accumulation. The new economy rhetoric has
focused on deregulation. But, in fact, what is being touted as deregulation is not; it is reregulation. In response to the change in the regime of accumulation, the nature of the regulation is changing, but regulation continues, as it must.

One thing that has occurred is a shift in the locus of regulation from the nation state in two directions: to the supranational and the local, as a number of authors attest. For example, Amin and Malmberg (1994, p. 222) say the crisis in the global economy has resulted in ‘new opportunities for the location of economic activities’ and that ‘the geography of post-Fordist production is said to be at once local and global’. Scott (1988, p. 108) says that new industrial spaces result from ‘a very specific articulation of local social conditions with wider coordinates of capitalist development in general’. Finally, Dicken (1992, p. 307) emphasizes that successful participation in the global economic system ‘is created and sustained through a highly localized process’ and that ‘economic structures, values, cultures, institutions and histories contribute profoundly to that success’. On the face of it, this is a promising circumstance for Indigenous people seeking to participate in the global economy on their own terms.

Local modes of social regulation can be, in Gramscian terms, both hegemonic and counter-hegemonic to the extent to which they consent to capitalist global economy, attempt to transform it or dissent from it. These three responses are associated with three different analytical/intuitive starting-points that motivate policies and programmes in local modes of social regulation. The first of these starting-points is an analysis that claims that peripheral communities have been excluded from capitalism and that the objective is to remedy this through inclusion. The second is an analysis that claims that capitalism is at least in part culturally alien and that it is necessary to transform the ‘alien’ aspects of it as part of the process of participating in it. The third is an analysis that claims that capitalism is exploitative and beyond redemption and that the need is to exclude or resist it. These analytical/intuitive starting-points are not simply abstract concepts. They, and the beliefs about the economy associated with them, are present in varying combinations and varying strengths among the members of Indigenous and all other communities.

Figure 28.2 captures these possibilities by considering a group’s response to the global economy on two continua. The first is the degree to which a group opts into the global economy, or opts out. The second addresses the nature of this opting in or opting out. Is the approach to accept the global economy ‘as is’, or is it to attempt to transform or adapt it in some fashion? A combination of the continua results in four extreme possibilities. The first two occur when a group chooses to opt out of the economy. At one extreme (1) the opting out can be passive; that is, choosing not to participate and instead seeking isolation and even protection from the impact of the global economy. Or the opting out can be active and aggressive where a group rejects the global economy and seeks to resist it or even overthrow it through protest, violence and even ‘revolution’ (alternative 2). The other two extreme positions (3 and 4) occur when a group chooses to ‘opt in’ and actively participate in the global economy. Again that participation can be characterized by the degree to which the group passively accommodates itself to the requirements of the global economy, or does not. The approach by Indigenous people in Canada has been of the opt-in variety, but it has not been passive. Participation in the economy has been accompanied by a continuing struggle for land and other rights to allow this participation to be ‘on their own terms’. Indigenous responses elsewhere cover the entire spectrum of possibilities from rejection and violent rejection or revolution to passive acceptance and willing assimilation.
People in a particular community do not adopt their perspective on the global economy in isolation or in abstract. It emerges in response to their direct experience with actors in the global economic system. The four groups of actors with whom they are most familiar (and who therefore constitute the face of the global economy) are (i) the exogenous businesses (henceforth called corporations for simplicity’s sake) with which they interact as suppliers, customers and/or employees; (ii) the ‘state’ at local, subnational, national and international levels; (iii) a myriad groups of the civil sector including non-government agencies (NGOs) of all types and special interest groups such as Amnesty International, the World Council of Indigenous People, the Sierra Club and so on and so forth; and (iv) global and supranational bodies, such as the WTO, World Bank, the European Economic Union and NAFTA. Figure 28.3 attempts to capture this complex and dynamic relationship.

Corporations are most closely associated with the regime of accumulation; indeed for many they are the face of the regime of accumulation. That is not to say that corporations are not influenced by and do not influence the mode of social regulation; of course they are, and they do. The state at all its levels is most closely tied to the mode of social regulation. Indeed the sum of the actions of the state at all levels constitutes the bulk of the mode of social regulation at any particular time and place; the bulk but not the entirety. The organizations of the civil sector also play an important role directly and through their influence on the state and on corporations. Increasingly supranational bodies are taking on a powerful role in the economy that is more than the expression of the collective voice of member states. They are becoming a regulatory force unto themselves, with considerable impact on states, corporations and communities. For example, according to Szablowski (2002), the World Bank, through its policy on loans associated with the mining industry, is having considerable impact on the relationships that are emerging among mining corporations, local groups (often Indigenous) and nation states.

![Figure 28.2 Responses to the global economy](image-url)
It follows that the mix of integrating, transforming and excluding mechanisms adopted by a particular community in its approach to the global economy, and therefore the mode of development that emerges, is heavily influenced by the particular face of the state, global and supranational bodies (for example, Indigenous peoples in Mexico right now are able to appeal to a NAFTA panel on GMO corn), and the civil sector and corporations that a community sees now and has seen in the past. This ‘face to face’ meeting, while heavily influenced by local circumstance, occurs within the context of the dominant global regime of accumulation and multiple, overlapping and often conflicting modes of social regulation.

Indigenous groups that choose to ‘opt in’ to the global economy are not at the end of the process – they are at the beginning. To ‘opt in’ successfully, on their own terms or not,
they must identify business opportunities and then marshal resources and develop or- ganizations to realize the potential that these opportunities have to satisfy their economic and other development objectives. This is the process of entrepreneurship, not the entrepreneurship that is loosely conceived of as a small business operated and/or a new business created by an entrepreneur, but the entrepreneurship that is more precisely conceived of as an economy-building process: Schumpeterian entrepreneurship. Morris (1998) captures the nature of this process by stating, ‘entrepreneurship is a universal construct that is applicable to any person, organization (private or public, large or small), or nation’ and that ‘an entrepreneurial orientation is critical for the survival and growth of companies as well as the economic prosperity of nations’ (ibid., p. 2). Expressing a similar view, Raymond Kao et al. (2002) define entrepreneurship as ‘not just a way of conducting business; it is an ideology originating from basic human needs and desires . . . entails discovering the new, while changing, adapting and preserving the best of the old’ (ibid., p. 44). Other authors, such as Blawatt (1998), Drucker (1985), Fiet (2002) and Moran and Ghoshal (1999), express similar views.

Which bring us back to the Aboriginal people of Canada, their approach to opting into the global economy and the results they have achieved.

The research
We have embarked on a three-year research project (April 2004 to March 2007) exploring Indigenous economic development in the new economy. The purpose of the project is to address the fundamental question whether Indigenous Peoples can succeed in their objectives of rebuilding their ‘nations’ and improving the socioeconomic circumstances of their people through participation in the global economy on their own terms, and three sets of additional questions flowing from it.

1. What is the nature of the ‘rebuilding’ that is to be done? Who determines the nature of this ‘rebuilding’ and how? What are the foundations (cultural, political, economic) of this ‘rebuilding’?
2. Is this ‘rebuilding’ being done? If so, how? Are the expected benefits of ‘rebuilding’ being realized?
3. What are ‘their own terms’ for participation in the global economy? Who determines these ‘terms’ and how? Do the ‘terms’ vary from place to place, group to group and over time? If so, why? How do these ‘terms’ relate to the new economy?

The research undertaken to date, and upon which the remainder of this chapter is based, was a preliminary exploration of the second set of questions above. It was begun prior to and in anticipation of the acceptance and funding of the three-year project.

Specifically, we set out to acquire a basic picture of the business development activities among First Nations in Canada. Among other things, we want to know how many businesses there are, how old they are, how big they are, at what market scale (local to global) they operate and what forms of ownership are prevalent (including alliances with non-Indigenous companies). To do this, we developed a questionnaire and are administering it in a two-stage process, first to First Nations in Saskatchewan (a province of Canada) and then, after revision, to a sample from the country as a whole. We also want to explore factors we think might contribute to a variation in the capacity of First Nations communities to
develop businesses. We have secondary information for each First Nation from the Census and other sources about population, land base, location with respect to urban centres, education levels and accessibility/isolation. By analysing the primary data from the survey in combination with the secondary data we hope to gain insight into the factors that contribute to successful Aboriginal business development.

We will use regression analysis to analyse the data to explore what we think are two related relationships. The first relationship relates to number of businesses. We believe certain factors contribute to the business development capacity of a particular First Nation and will result in the formation of fewer or more businesses. These factors come from the secondary data and the survey and include size (land area and population), location with respect to urban centres (distance and accessibility), geographic location (southern ecume, boreal forest, far north), education level, the presence of an economic development officer/office and the approach to business development. We will test for the impact of these factors on the number of businesses created. In some instances we have expectations about the nature of the impact of the factor; in others we do not. For example, it seems likely that more businesses would be associated with a location closer and more accessible to a major urban centre. Certainly classic location theory says this is so. However experience and theory also suggests resource endowments, including natural resources, are important to business creation. This suggests communities located in the boreal forest and far north (the resource hinterland) may also have good potential for business development. We expect education level to be positively associated with business development. And, of course, the expectation is that business development activity should be higher where there is an economic development officer/office. Land base and population are problematic. On one hand more of each might be equated with greater resources and therefore greater capacity. However it seems likely that the quality of the resource (human and land) will be at least as important as the quantity. Finally we are unsure about the impact of the approach to business development. It seems likely that communities following the approach described in Figure 28.1 will produce fewer larger businesses than those who do not.

The second relationship centres on jobs. We believe that the employment created (which we consider an index of success) as a result of Aboriginal business development will be related to more than just the number of businesses. We expect that the strategies adopted by First Nations when creating businesses will have an important impact. Consistent with the theoretical discussion presented earlier and the Aboriginal approach to development (Figure 28.1), we believe that First Nations who adopt a business development approach oriented toward non-local as opposed to local markets, involving alliances and partnerships with others, and favouring community versus individual ownership will create more employment (although not necessarily more businesses) than those that do not. Education level and the presence of an EDO (Economic Development Officer) are also expected to have a positive impact on the number of jobs created.

Results to date
Between January and March 2004, the questionnaire and cover letter were faxed to each of the 70 First Nations in Saskatchewan. The letter acquainted the recipients with the nature of the research and informed them that it had the support of the Federation of Saskatchewan Indian Nations. The letter also informed the recipients that a research assistant would be telephoning within the next few days offering to collect the survey
response by telephone. Alternatively recipients were invited to fax their responses. By the end of 25 April 2004, 25 usable responses had been received by one or the other method. The surveying of the Saskatchewan First Nations will continue through May with a concentrated effort to elicit responses from many of the 45 non-respondents. What follows is an overview of the result to date.

The total membership of the 25 First Nations is 42,205. Of this number, 18,253, an average of 730 per community, live in the communities (on-reserve), 52 per cent male and 48 per cent female. The remainder live elsewhere. The average size of each community is slightly more than 10,000 hectares. Forty-eight percent of the communities are in the southern agricultural area of the province and 52 per cent are in the northern boreal forest.

The total number of businesses owned by the 25 communities is 346, an average of 13.8 businesses per community. Of this number, 231 (67 per cent) are five or fewer years old. The businesses employ 1729 people for an average of 5.0 per cent jobs per businesses, 69.2 per cent jobs per community. Males account for 54.8 per cent of the employees and females 45.2 per cent. Of the total, 80.5 per cent of the employees are Aboriginal. Sixty per cent of the businesses serve the local market, 32 per cent the regional market and 8 per cent the international market. Privately owned businesses account for 3 per cent of the total, community-owned (non-partnership) 29 per cent and community-owned (partnership) 37 per cent.

While the current number of responses is too low for the results to be statistically significant, we still ran regressions on both of the relationships described in the preceding section to see what sense might emerge concerning the direction of the impact of various factors. Results on the responses to date indicate that there is a positive relationship between the number of businesses created and (i) the size of the community (land area), (ii) education level, (iii) location (north rather than south), (iv) EDO presence, (v) tribal council affiliation and (vi) a strategy favouring regional and global markets over local ones. There are indications of a negative relationship between number of businesses and (i) a larger number of non-private businesses relative to total businesses, (ii) on-reserve population and (iii) location in the south rather than the north.

The second regression indicates, not surprisingly, that the number of jobs is positively related to the absolute number of businesses. The analysis also indicates that a higher number of jobs are associated with (i) a strategy favouring regional and global markets over local ones, (ii) education level, (iii) population, (iv) EDO presence and (v) location (north rather than south). There are indications of a negative relationship between number of jobs and (i) an increasing number of community-owned business and partnerships as a proportion of total businesses and (ii) the size of the community (land area), and tribal council affiliation.

Table 28.1 Descriptive statistics

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Per First Nation</th>
<th>Per business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total membership</td>
<td>42,205</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Living in community</td>
<td>18,253</td>
<td>730</td>
<td></td>
</tr>
<tr>
<td>Land base</td>
<td>251,930</td>
<td>10,077</td>
<td></td>
</tr>
<tr>
<td>Total businesses</td>
<td>346</td>
<td>13.8</td>
<td></td>
</tr>
<tr>
<td>People employed</td>
<td>1729</td>
<td>69.2</td>
<td>5.0</td>
</tr>
</tbody>
</table>
Conclusions
The study of Indigenous populations is not simply an exercise in analysing outliers in the global world system. Rather it provides a source for the theoretical and empirical analysis of entrepreneurship relevant to the development of generalizable theory applicable in many environments including, but by no means exclusive to, Indigenous communities. Our research will provide insight into the impact of globalization on communities (Indigenous or not) and the possible responses of individuals and community, that can balance the needs of individuals, communities and economic institutions. From a theoretical perspective, this research is relevant to virtually every nation state, ranging from classic notions of Indigenous peoples in impoverished industrialized economies to communities such as the Basques, the Welsh, the Chechhians and the Scots.

From a purely instrumental point of view, global actors, including transnational corporations, are recognizing the necessity of ensuring shareholder value in terms of ethical and social development towards long-term sustainability. All nodes that interact with market forces, including the state, the civil bureaucracy and corporate entities, have an interest in promoting community development that leads to long-term economic development of markets, including the provision of jobs, the sharing of resources and the support of relevant and situated communities.

Notes
1. We are not arguing that regulation theory is the only or the best perspective from which to explore Indigenous entrepreneurship and economic development, only that it is a useful one.
2. First Nations are one of the three Aboriginal groups in Canada. Unlike the other two, the Metis and Inuit, First Nations are associated with a particular land base, have a government structure associated with that land base, and are accounted for, First Nation by First Nation, in the Canadian Census and in other national records (health, justice system, etc.), and are therefore from a practical perspective easier to study.

References
Introduction
This chapter will present the findings of an exploratory study suggesting that service firms in Iqaluit are often launched by former employees of larger firms who become entrepreneurs; these entrepreneurs are usually mainstream English–Canadians or French–Canadians, and growth is often important for them. In contrast, indigenous Inuit\(^1\) often identify more with the land and with sharing its resources, than with Western-style mainstream entrepreneurship; their activities are often forms of informal and subsistence self-employment, such as fishing (see Figure 29.1), and hunting caribou, polar bears and seals for food and for pelts (see Figure 29.2). Entrepreneurship among the Inuit is different in form and substance from the commonly accepted model, and one size does not fit all.

The context of our research
In the words of McCall, ‘There are many more nations in the world than there are states for them’ (1980, pp. 538–9). Among these are the Inuit of northern Canada, whose homeland is Nunavut, Canada’s third territory, created as the result of the largest land-claims agreement in Canadian history.

Named after Sir Martin Frobisher, and known until 1 January 1987 as Frobisher Bay, Iqaluit is the main town on Baffin Island, and the capital city of Nunavut. The name ‘Iqaluit’ means ‘place of fish’, in Inuktitut, the language used by Inuit people of the region – descendants of the Thule. The Inuktitut language is widely used in the region (see Figure 29.3).

The purpose of this chapter is to report the findings of an exploratory field study of entrepreneurship in Iqaluit. Although the Inuit are not considered First Nations, they are indigenous in that they are people whose ancestors were living in the region prior to colonisation. Inhabitants of Iqaluit call themselves Iqalummuit, the singular of which is Iqalummuk. The official languages here are English, French, Inuktitut\(^2\) and Inuinnaqtun.

Methodology
Broad typologies of entrepreneurs were first identified, in a literature search. The principal researcher then conducted in-depth interviews in Iqaluit. Respondents were identified using the snowballing technique, requesting each interviewee to recommend other people to be interviewed. In the words of Müller-Wille and Hukkinen, ‘In snowball sampling of interviewees, those already interviewed identify who else they think should be interviewed’ (1999, p. 47). As discussed by Goodman (1961), interviewing stops only when the last respondent can only suggest individuals already named by others. The interview guide consisted of open-ended questions, in order to capture what people wished to say, in their
own words. Data were verified for consistency and reliability, by recording details and using triangulation for verification. By means of content analysis, each interviewee was classified into the category, the key words of which had the highest incidence rate in the testimony.

**Entrepreneurship not uniform**
Morris (1995) suggested that entrepreneurship is a universal construct that is applicable to any person, organization or nation. We seek to address the question, ‘If entrepreneurship is universal, does it develop the same way amongst all peoples?’ Early on, in a prescient statement, the convergent perspective was clearly stated by Richman and Farmer: ‘As the general similarity of men everywhere is recognized, and as managerial and technological necessity presses all types of culture toward a common road, nations everywhere
become more similar; the logic of technology and management will lead all to the same general position’ (1965, p. 400).

In contrast to the above, advocates of the divergent position include Hofstede (1980) and Laurent (1983). Based on his research with INSEAD students, Laurent concluded, ‘Deep seated managerial assumptions are strongly shaped by national cultures and appear quite insensitive to the more transient culture of organizations’ (1983, p. 75). More recently, Huntington (1993, 1996) showed that globalisation has neither standardised societies, nor produced a homogeneous world culture.

It is useful to distinguish between the tools of these disciplines and the contexts in which these tools are used, the choices made from among alternatives and the reasons for these choices, the desired results from the application of the selected tools and the interpretation of the outcomes. While the tools and techniques may be becoming increasingly universal, the context, choice, expectations and outcomes relating to their application are not.

Take, for example, the management tools and techniques available for the comparison of the attractiveness of alternative long-term investment or development possibilities. The mathematical logic of net present value, discounted cash flow, payback period and accounting rate can be said to be universal. Yet what gets included in each as costs and as benefits, what is perceived to be an acceptable rate of return and/or payback period, the weight given to non-quantifiable factors, and so on, is far from universal; it is highly contextual. Consider the U’wa people in Columbia (Davis and Ferry, 2004). They have been

Figure 29.2 Polar bear (Ursus maritimus) (photo by Léo-Paul Dana © 2005)
offered attractive arrangements in return for allowing exploration and extraction of oil from their traditional lands. By mainstream management measures assessing the value of these long-term arrangements, the offers are extremely attractive. However, the U’wa people are not even tempted to accept. None of the universal tools captured the one thing that is paramount to these indigenous people. Their adamant stand is that the oil is the blood of mother earth and under no circumstances can it be extracted. They find incomprehensible the notion of allowing such damage to be done in exchange for a package of benefits, no matter how attractive from a business and economic development perspective, in spite of the general acceptance of such practice in the industrial economy. The U’wa people have successfully resisted the development efforts of the national government and the multinational oil companies and the project has been abandoned, at least for the time being. Will the logic of technology and management lead the U’wa people to abandon this position in the future? Their answer is unequivocal; they threaten to commit
mass suicide before they will ever allow the oil to be extracted (Raeburn, Timmons and Shari, 2000).

Different cultures perceive benefits differently and the same is true of entrepreneurship opportunity. Scheinberg and MacMillan (1988) found significant differences across cultures in motivations to launch a new business. A problem identified by Davidsson and Delmar (1992) is that most studies have concentrated on entrepreneurs and ignored the general population from which these entrepreneurs emerged. An empirical study comparing indigenous and non-indigenous entrepreneurs concluded that the perception of opportunity is a function of culture (Dana, 1995). Of course, people from different ethnic backgrounds have been exposed to dissimilar cultural values, and this is reflected in their respective entrepreneurship models. Entrepreneurship is therefore not homogeneous around the world. Unfortunately, however, mainstream systems often pressure minorities to conform to models that ignore cultural variables. Indigenous entrepreneurship does not necessarily fit into a box created by the industrialized West. In fact, Hindle and Lansdowne suggest that ‘Indigenous entrepreneurship is the creation, management and development of new ventures by Indigenous people for the benefit of Indigenous people’ (2005).


A theoretical framework: orthodox, reactionary, informal and internal self-employment

Much literature discusses the entrepreneur who is a high achiever, an individual with that which McClelland (1961) termed ‘a high n-ach’. The character traits of this type of entrepreneur have been discussed at length by Begley and Boyd (1987), Gasse (1977), Kets de Vries (1977), Sexton and Upton (1990), Shaver and Scott (1991), Timmons, Smoller and Dingee (1985) and others. Dana (1997) called these orthodox entrepreneurs. We call these ‘opportunity seekers’.

There are also people who are self-employed, not because of an entrepreneurial drive, but as a result of frustrating circumstances. Hagen (1962) discussed such entrepreneurs who are self-employed as a result of social grievance. Shapero (1975) focused on entrepreneurs who were displaced persons. This was elaborated upon by Shapero and Sokol (1982) and by Shapero (1984). Ladbury (1984) and Min (1984, 1986–7) also noted the marginalisation of entrepreneurs. Brenner (1987) noted that entrepreneurship was a means to face adverse circumstance. Ray (1993) used the term ‘bounded’ to describe this type of entrepreneurship. Dana (1997) used the term ‘reactionary’ to describe entrepreneurs engaged in bounded entrepreneurship. Likewise, we call these people ‘reactionary entrepreneurs’.

There are also individuals who are self-employed, yet who prefer to keep their enterprises informal. Informal economic activity has been the subject of De Soto (1989), Morris and Pitt (1995), Peattie (1987), Portes, Castells and Benton (1989), Rosser, Rosser
and Ahmed (2000), Sanders (1987) and Tokman (1978). Unrecorded cash sales circumvent taxation as well as regulation. The law is often bent, but authorities generally tolerate the sector. Often informal self-employment is a supplement to wage or welfare income. Johnson, Kaufmann and Zoido-Lobaton (1998) discuss discretion in the sector. We use the term ‘informal entrepreneurs’ to refer to people engaged in this sector.

In addition to the above, some people engage in internal subsistence activity. Cole and Fayissa (1991) describe this in detail. Internal subsistence activity refers to that which is consumed internally rather than sold. Thus this category of economic activity is described as ‘internal’, because it does not involve an external exchange; no business transaction takes place. Wealth is created, but nothing is sold for profit; that which is created is consumed or saved for personal use. Internal subsistence activity includes subsistence hunting and subsistence fishing. There is no market transaction external to the producer.

**Historical overview**

‘Baffin, the world’s fourth largest island, takes its name from the English navigator, William Baffin (1584–1622). So indented are its shores that explorers long considered it an archipelago’ (Bartlett, 1946, p. 602).

Sovereignty over Baffin Island was transferred from Britain to the Dominion of Canada in 1880. In 1939, a Supreme Court ruling brought the Inuit under federal jurisdiction. In 1942, the United States was permitted to construct an airbase off the Greenland Sea, at Frobisher Bay, a long indentation into the island’s eastern coast. A town of the same name subsequently grew with the construction of the Distant Early Warning (DEW) Line, a system of radar stations set up to protect North America during the Cold War. For decades during which Baffin Island was part of the Northwest Territories, Frobisher Bay served as the administrative centre of the District of Franklin. The airport (see Figure 29.4) allowed the development of a reasonably good transportation infrastructure.

For the traditional Inuit, survival depended on collective activities. People often hunted in groups and shared the meat. Unlike people of the Western Arctic, who lived in paternal groups, the South Baffin Island Inuit lived with relatives of both parents. During summers they hunted caribou and, in winters, they hunted sea mammals, mostly seals; once a seal was harpooned, its wound would be plugged with ivory pins, in order to prevent the blood from being wasted.

In the words of Parfit, ‘There was no cash in early Inuit life. People traded and shared. So stature among the Inuit had nothing to do with wealth. A male Inuk (singular for Inuit) was highly regarded for hunting skills, calmness under stress, the ability to make decisions, and how abundantly he shared meat’ (1997, p. 78).

Mary-Rousselière wrote about the modernisation of the Inuit people on Baffin Island during the 1960s, and the transition from subsistence self-employment to salaried employment:

> I had given Alain Maktaq a small transistor radio to reward him for work he had done at the mission. To my dismay, he insisted on paying me for it.
> 
> ‘I caught many foxes this winter, Father,’ he told me, ‘and I have much more money than I need to provide for my family. What would I do with it all?’

This took place only a decade ago. An Eskimo of Baffin Island, in the Canadian Arctic, Alain lived in a turf hut lighted and heated by seal oil. He fed himself and about ten dependents by hunting narwhal and seal. His whole fortune consisted of some 15 dogs, a homemade sled, two rifles, 200 traps, a canoe, and an old outboard motor patched with bits of wire.
Today Alain lives in a comfortable house built, lighted and heated by the government... An employee of the Government... he has a bank account, buys a new snowmobile every year, and thinks of getting an automobile. From the south he gets meat, eggs, vegetables, and fruit. (1971, pp. 189–90)

Aikio wrote, ‘No more than 30 years ago it was thought that tribal and other indigenous peoples were destined to become assimilated to the main populations of their ancestral lands... Towards the 1980s, however, this attitude was reversed. Nowadays, nobody believes that it is the fate of indigenous people, like a law of nature, to become assimilated’ (1993, p. 15). Likewise, Daes asserted, ‘Indigenous peoples... do not accept the assumption that humanity will benefit from the construction of a world culture of consumerism’ (2003, p. 67). He complained that globalization ‘is dissolving all cultures into a single supermarket with standard brands’ (ibid., p. 68).

In 1991, political leaders from across Canada agreed that a revised constitution must recognise native people’s inherent right to self-government. 1 April 1999 marked the launch of a remarkable experiment in aboriginal self-government, as an Inuit homeland was carved out of the Northwest Territories, and the territory of Nunavut was created. (Nunavut means ‘our land’ in Inuktitut.) Thus 26 000 people gained control of 734 000 square miles, one-fifth of the land of Canada. Iqaluit became the capital city of the new territory. Nunavut was home to 30 000 people in 2004, 85 per cent of these indigenous people. Dogs are still bred, although transportation is no longer dependent on them.

**Beliefs and values**

Traditional religion among the South Baffin Island Inuit focused on the natural environment. Animals were respected (Figure 29.5). In the words of Wilkinson, ‘Eskimo hunters
killed only to meet the needs of the day as they believed the soul of a dead seal would return to seek vengeance’ (1970, p. 134).

During the nineteenth century, contact with outsiders included missionaries who converted the Inuit to Christianity. Once converted, the Inuit gave up many of their traditional practices, such as spouse exchange. Respect for nature, however, was not forgotten. Neither was traditional art. Early art forms included charms and masks that were carved out of bone or stone, for religious purposes. Nowadays, Inuit sculptures are sought after for their artistic beauty, and therefore made for their market value, rather than for religious beliefs.

While the Inuit of Baffin Island accepted the new religion, many also retained traditional values and beliefs. Among these is the belief that one should focus on the present, rather than stockpiling for the future. Among the traditional values to survive is the notion of decision making by consensus, a concept quite different from that of the independent entrepreneur in Western literature. In this sense, some traditional beliefs survived, and while these are compatible with the sustainability and environmental balance, they are incongruent with wealth-accumulating entrepreneurship.

Findings
Although most Iqlalummuit are indigenous people, indigenous people are underrepresented in the realm of Western-style formal entrepreneurship in Iqaluit. This is true when considering orthodox opportunity seeking as well as reactionary self-employment.
For this study, formal entrepreneurs (opportunity seekers and reactionary entrepreneurs) and informal entrepreneurs were interviewed. Fifty-seven interviews were conducted with formal entrepreneurs. A formal entrepreneur is an individual who earns a living by exercising ‘some control over the means of production and produces more than he can consume in order to sell (or exchange) it for individual (or household) income’ (McClelland, 1961, p. 65). Clustering these according to mother-tongue, 11 were mainstream (non-indigenous) Francophones, originally from Quebec, six were mainstream Anglophones from Quebec, 35 were mainstream Anglophones from elsewhere (largely from Eastern Canada, Newfoundland in particular), including the United Kingdom, one said that his mother tongue was Arabic, one said that her mother tongue was German, and three were indigenous Inuit. One of the Inuit had moved to Iqaluit from Pangnirtung.

Content analysis of interviews suggests that 34 of these respondents were active opportunity seekers. This included six of the 11 Francophones, five of the six Anglophones from Quebec, and 23 of the 35 other Anglophones. The word ‘growth’ often came up in discussions. Of the six Francophone opportunity seekers, three specified that they had left their jobs to become self-employed. Of the five Anglophone opportunity seekers from Quebec four had quit their jobs. Of the 23 other Anglophone opportunity seekers, 13 had quit their jobs. Several interviewees left government jobs, in some cases with the intention of subcontracting to the government. The creation of Nunavut was perceived as creating many government-related opportunities. One Francophone, one Quebec Anglophone and 16 other Anglophones were owner-managers of more than one enterprise. Among the reasons given for being self-employed were ‘I just had to do it’ (Interviewee 9) and ‘It had always been my aim to work for myself’ (Interviewee 33).

There were also reactionary entrepreneurs, individuals who described themselves as having been pushed into self-employment by circumstances. Five of the 11 Francophones belong in this category, as do five Anglophones (none of these from Quebec). Among the reasons for becoming self-employed were ‘I could not speak English so I could not find a job’ (Interviewee 39) and ‘There was no jobs here and it was the only way I could stay here after my contract was finished’ (Interviewee 44).

The Egyptian interviewee had left Egypt because he was Christian and therefore marginalised. Marginality in Egypt drove him to become one of the most successful entrepreneurs in Iqaluit, where he created jobs for other Egyptians and formed an ethnic enclave. Coleman wrote, about this interviewee’s impact, ‘The arcade has changed the neighbourhood’ (1992, p. 4). In fact, this respondent could be described as an agent of social change, as discussed by Barth (1963, 1967).

Only seven interviewees were university-educated professionals. The Egyptian entrepreneur was among these. We note that, among university graduates, reactionary entrepreneurs are prominent. In other words, their education did not lead them to become opportunity-seeking entrepreneurs. Instead the tendency was to become self-employed as a reaction to circumstance, such as not being able to find employment.

In the sample were seven commuters, who were owner-managers in Iqaluit, but whose domicile was elsewhere. Three travelled from Montreal, three from Ontario and one from Fort McMurray, Alberta.

If only three of 57 formal entrepreneurs interviewed were Inuit, what is to be said about the other self-employed Inuit? For the indigenous Inuit, cultural identity is rooted in nature and in sharing. This is maintained through stories, dance, traditions and an informal
economy that improves family and community well-being, by means of sharing and informal exchanges of goods and services. Informal and internal self-employment is very popular among these people, as these forms of economic activity are socially acceptable and compatible with their cultural identity.

Across Baffin Island, many Inuit people continue to fish and hunt for subsistence. Such informal and internal economic activities are often a supplement to wage employment or to welfare payments. Hunting ringed seal continues to be common on Baffin Island. In former times, the hunter kept only the pelt and the top of the stomach for his family; the rest was shared with members of the community. Even today, food is shared as a symbol of friendship. Surplus caribou hides are given to families who do not have hunters.

**Toward the future**

Southernners have quickly responded to change and to entrepreneurial opportunities arising therefrom. The Frobisher Bay Pan Am staff house, for example, was given a new life when no longer needed as such and therefore was transformed into the Discovery Lodge Hotel. For the indigenous people, however, enterprise takes place in different forms than Western-style entrepreneurship. Young people said that they feel caught between two worlds, not knowing which path to take.

Economic development will continue to take place in Nunavut. How can the indigenous people maintain what they value in their culture, and yet fully participate in the economy? Future research might focus on indigenous culture, values and entrepreneurship in Baffin Island, and elsewhere in the Canadian north. As suggested by Dana (1995), the use of ethnographic methods would be most appropriate, in order to record the entrepreneurship experiences of indigenous people in their own words, with minimal cultural bias.

**Notes**

1. The singular of Inuit is Inuk. The Inuit are one of the three constitutionally recognised groups of indigenous people in Canada. The other two are the Métis and the First Nations.
2. In northern Quebec and in the eastern Arctic (including Baffin Island), Inuktitut uses a writing system based on syllabics.
3. For an account of the DEW Line, see La Fay (1958).

**References**


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Entrepreneurship has increasingly been at the forefront of political discussions on the state of economic development for Aboriginal people in Canada over the last 20 years. Key institutions such as Aboriginal capital corporations, community economic development organizations and local human resources development agencies have provided much of the direct and indirect support for the growing focus on entrepreneurship. In addition, Aboriginal Business Canada has been the long-term business development of Industry Canada specifically geared towards Aboriginal people. The Aboriginal Business Service Network and many other support programs have sprung up to provide access to information, training and financial resources to help further develop and promote Aboriginal entrepreneurship.

Owing to these continued efforts and the lack of conventional employment accessibility, many Aboriginal people have been turning towards self-employment as a strategy for economic survival in Canada as well as other countries (Peredo et al., 2004). Not surprisingly, efforts towards economic capacity building in the form of entrepreneurial activity have found successes and failures, strengths and weaknesses. The purpose of this chapter is to research the successes and difficulties of Aboriginal entrepreneurs. Specifically we examine the personality characteristics and business skills that have been found to lead to successful entrepreneurs and observe how they apply to this unique cultural group within Canada. For reference purposes, Aboriginal people in Canada are made up of Status Indian, Inuit and Métis peoples. They can reside on First Nation (Status Indian) reserves, Inuit communities, Métis settlements or in off-reserve urban or rural areas. For this chapter the general term ‘Aboriginal’ will be used unless there is a comparison between the groups mentioned above.

According to the 2001 Census conducted by Statistics Canada, there are approximately one million self-identified Aboriginal people in Canada. Approximately 25 per cent of this population live on reserve, 25 per cent off reserve and nearly 50 per cent live in urban areas. As of 2001, the median Aboriginal age was 24.7 years in comparison to the non-Aboriginal Canadian population median age of 37.7 years and the Aboriginal birth rate continues to be 1.5 times that of the non-Aboriginal birth rate. The latter reflects a decreasing Aboriginal birth rate, which was an astounding three times higher than the non-Aboriginal birth rate between 1981 and 1996. The Royal Commission on Aboriginal Peoples (1991) report forecast a 52 per cent increase in the Aboriginal population between 1991 and 2016, compared to 22 per cent for the non-Aboriginal population.

Unemployment
With higher birth rates, increasing life expectancies and a youthful majority population, employment is and will continue to be a major challenge for Aboriginal peoples (Royal
Commission on Aboriginal Peoples, 1991). In 2001, over 50 per cent of the Aboriginal population was 24 years old or younger (Statistics Canada, 2001). Aboriginal unemployment rates for on reserve and off reserve are 32 per cent and 26.7 per cent, respectively in comparison to 4.8 per cent for non-Aboriginal people in Canada, representing one-sixth and one-fifth of the Canadian unemployment rate, respectively (ibid.). In contrast, the rate of employment of Aboriginal people has increased faster than that of non-Aboriginal people. Between 1996 and 2001, the rate of employment of Aboriginal people aged 15 and over increased by 5.3 per cent versus the non-Aboriginal rate of 2.6 per cent for the same age group, resulting in a 49.7 per cent and 61.8 per cent employment rate for the two groups, respectively (ibid.). Unemployment rates fell faster for Aboriginal groups than for non-Aboriginal groups between 1996 and 2001, from 24.0 per cent to 19.1 per cent and 9.8 per cent to 7.1 per cent, respectively.

Within the Aboriginal populations – classified as North American Indians, Métis, or Inuit – the Métis had the highest rate of employment (59.4 per cent) as compared to the Inuit (48.6 per cent) and the North American Indians (44.6 per cent) (Statistics Canada, 2001). The Métis have the lowest unemployment rate (15.5 per cent), although it remains three times higher than the non-Aboriginal rate of 4.8 per cent. Notably, the Métis also had a higher proportion of high school and post-secondary graduates than the other two groups. Another major gap in the Aboriginal v. non-Aboriginal employment measures is reflected in average annual incomes. Although the increase in average annual incomes between 1981 and 1996 was nearly the same for Aboriginal and non-Aboriginal peoples (1.6 per cent and 1.7 per cent respectively), in 1996 the average annual non-Aboriginal income was $26,474 versus the average Aboriginal income of $17,382, a 52 per cent difference (Micro-economic policy analysis branch and Aboriginal Business Canada, 1996).

**Development**

In 1994 alone, Canadian government spending on Aboriginal economic development exceeded $120m. In 2003–4, the Department of Indian and Northern Affairs Canada (INAC) reported expenditures of over $505m. for economic and employment opportunities, as well as access to capital and economic development for Aboriginal people of which $487m. was federal procurement from Aboriginal businesses (DPR 2003–4 Indian and Northern Affairs Canada and Canadian Polar Commission). Furthermore, INAC, in its 2003–4 report on plans and priorities, listed the following four strategic outcomes for Aboriginal economic development: (a) economic employment opportunities; (b) higher income levels for First Nations, Inuit and Northerners; (c) access to capital and economic development; and (d) community infrastructure.

The intermediate outcomes listed in the INAC (2004) report include (a) the creation of new Aboriginal businesses and the expansion of existing ones, (b) changes in legislation, regulations, policies and practices, along with public and private sector attitudes and understanding, reduced impediments to economic development, (c) provision of financial support services by Aboriginal financial institutions for economic development activities, and (d) increased recruitment, promotion and retention of Aboriginal employees.

In looking at the sources of employment between 1981 and 1996, the growth rate of Aboriginal self-employment was 170 per cent, nearly twice the rate for Aboriginal employment and two and a half times the rate (65 per cent) of employment for all Canadians (Micro-economic policy analysis branch and Aboriginal Business Canada,
In 1996, there were over 20,000 Aboriginal-owned and run businesses in Canada (ibid.). Although it is clear that Aboriginal entrepreneurship is growing significantly and more quickly than non-Aboriginal entrepreneurship, the Royal Commission on Aboriginal Peoples (1991) estimated a need to create 500,000 jobs by 2016, or double the number of jobs indicated in 1996 of 229,810 (Micro-economic policy analysis branch and Aboriginal Business Canada, 1996).

The above demographics coupled with the previous discussion on Aboriginal unemployment and economic development illustrate the continuing, heavy emphasis on entrepreneurship as a foundation for the future of Aboriginal peoples in Canada. What does it take for a small business owner to be successful? The literature on success and entrepreneurship as well as culture and entrepreneurship is briefly summarized below.

**Success**

Traditional measures that have been used to define success of an individual are income and organizational level (O’Neil, Bilimoria and Saatcioglu, 2003). Studies influenced by both the gender and the culture fields have urged that success needs to be more broadly defined, to include both objective and subjective measures (Kirchmeyer, 2002; Lituchy et al., 2003).

At the organizational level, broad definitions of success include the contribution of the firm to the prosperity of owners, employees or other stakeholders or to the local, national or international economy. Other definitions might include ethical aspects of business and identify as successful businesses only those firms who adhere to a particular code of conduct or certain ethical principles. For small and medium-sized enterprises (SMEs), success is usually defined in terms of the profitability or survivability of the enterprise or in terms of its contributions to the welfare of the entrepreneur and his or her family. However family business may have a very different success agenda that is understood only by family members. Indeed definitions of success could vary between entrepreneurs in the same business based on their personal motivations for starting the firm and the goals and objectives that they have established for the enterprise and themselves.

An understanding of who successful entrepreneurs are, their needs and motivations and what sustains them is key to the development of a set of policies to assist these economic contributors. ‘Small-scale entrepreneurs can be the main agent of change in an economy thanks to the dynamism of their simple and flexible structures and the driving force of the entrepreneurs themselves’ (Ivy, 1996, p. 78). This is particularly true in less-developed countries and perhaps for Aboriginal communities as well (Peredo et al., 2004).

Many researchers have examined the differences between male and female entrepreneurs in the United States. They have found differences in demographics; personality characteristics and traits (Hisrich and Brush, 1983; Schwartz, 1979); education and experience (Birley, Moss and Saunders, 1987; Hisrich and Brush, 1983); and in obtaining finances (Brush, 1992). Schein and her colleagues have found differences in the perceived characteristics of successful men and women in different cultures (Schein et al., 1996). However recent research has found similarities between entrepreneurs in Canada, Ireland, Poland, the Czech Republic and Japan (Lituchy et al., 2004; Reavley et al., 2005).

One objective of this study is to investigate the personality traits or characteristics of Aboriginal entrepreneurs. A second objective is to examine the Aboriginal entrepreneurs’ behaviours, attitudes and other dimensions that effect successful entrepreneurship, such as parents who were entrepreneurs or other role models.
There are several models or approaches to analysing successful entrepreneurs. One approach to the study of successful entrepreneurs is the environmental approach. According to this approach, the entrepreneur may have either a role model (parent or spouse with business experience) or a rejection model. The rejection model states that the entrepreneur is motivated to start his/her own business because he/she was rejected by the family, work, or society (Ibrahim, 1995). Rejection may also be described as a ‘push factor’ that results from a perception of limited opportunities for advancement, job frustration, boredom or an unreasonable boss (Buttner and Moore, 1997; Hisrich and Brush, 1987). Many North American women often decide to create their own businesses as a consequence of discriminatory treatment in work organizations (Buttner and Moore, 1997; Capowski, 1992). They may hit the ‘glass ceiling’ that stops them from reaching the top positions in organizations. Starting a business may provide a level of personal success unavailable to them as employees. The ‘rejection model’ best describes the motivations of those women who become entrepreneurs in reaction to workplace discrimination.

A second approach to entrepreneurship is the traits approach (Ibrahim, 1995; McClelland, 1987). In North America, for example, most entrepreneurs display similar key ‘traits’, such as the following: high need for achievement, risk-taking, tolerance of ambiguity, creativity, intuition, flexibility, high need for autonomy, self-confidence, internal locus of control, adaptability, dominance, low need for conformity, commitment, proactivity, and sense of observation. Next we examine some of the traits found in the literature to have a significant impact on success and entrepreneurship.

**Locus of control**  This is the generalized expectancy about the extent to which one is in control of events in life. An individual with an internal locus of control believes that reinforcements, success and failure are contingent upon one’s own actions, whereas externals believe that reinforcements, success and failure are products of outside forces (fate, luck, deity, and other people). Prior research demonstrates that internals are more likely to engage in actions to improve/control their environment, place greater emphasis on striving for achievement, ask more questions and remember more information, be less alienated from work environment, be less likely to commit counterproductive behaviors in response to work frustration, report more job satisfaction and less job stress, have more position mobility, be more active in managing their own careers, be more likely to be leaders/more effective leaders, use more persuasion and expertise as source of power, use more participative leadership styles, and engage in more entrepreneurial activity.

**Need for achievement**  McClelland (1961) developed his notion of Need for Achievement (nAch), based on his observations that a minority of people are challenged by opportunity, are willing to work harder than required, prefer challenging but achievable tasks with specific feedback, and are motivated to overcome barriers to success. He studied the relationship between nAch and 23 countries’ economic growth and decline from 1929 to 1950. He analysed achievement imagery in children’s stories and schoolbooks — taken as an indicator of cultural values — and found a significant correlation between achievement emphasis and economic growth.

**Self-efficacy**  Self-efficacy is the perceived ability to perform successfully in a specific domain. There is much research evidence that motivation and performance are determined
in part by how effective people believe they can be. People with high self-efficacy tend to try harder to master the challenge in difficult situations, show more persistence in the face of obstacles, respond to negative feedback with increased effort and motivation, tend to set more challenging goals and work harder and longer to achieve them.

Humor One characteristic that is not included in the traits approach, but which has been found to be important, is humor (Graham and Duncan, 1995; Lituchy et al., 2004). Graham and Duncan (1995) stated, ‘Good humor helps tremendously when you have just taken the giant step of opening your own law firm.’

Entrepreneurship behaviours and skills
The Behavioural Approach (Ibrahim and Goodwin, 1986) describes the managerial skills and competencies entrepreneurs should have and use in their small businesses. These include strategic niche or distinctive competencies, cash flow management, strategic planning, accounting and record keeping, marketing, networking, and delegating. Previous research in the United States has found that women have more difficulties than men in obtaining capital (Schwartz, 1979) and lack experience in management, marketing and advertising, accounting and finance (Buttner and Moore, 1997; Brush, 1992; Hisrich and Brush, 1986).

There is no one perfect formula for identifying the successful entrepreneur. Shaver (1995) cautions that one who believes that all entrepreneurs must be like a few select individuals is making a grave error in reasoning. Successful entrepreneurs are made and not born (ibid.). They develop the attitudes, interpersonal skills and social cognition necessary to establish a new venture and these skills can be learned during the course of one’s life (ibid.). For the entrepreneur, success is multifaceted, encompassing economic, social and psychological aspects. Each aspect of success has a personal and public sphere. For the entrepreneur, true success is often attained when high levels of achievement are obtained in all these aspects. An important question is whether success differs across cultures. Before examining the factors contributing most to successful Aboriginal entrepreneurs, we briefly review the cultural literature.

Culture
Using Hofstede’s (1986, 1991) five dimensions of culture, researchers have stated that Aboriginal cultures would score much lower on each of the individualism–collectivism (IC), uncertainty avoidance (UA), power distance (PD), masculinity–femininity (MF), and long-/short-term orientation (LS) relative to non-Aboriginal cultures, such as the Canadian culture (Chapman et al., 1991; Redpath and O’Nielsen, 1997). Aboriginal cultures have been widely cited as being collectivist in nature (Abraira, 1995; Goodman-Draper, 1994; Kluckhohn and Strodtbeck, 1961; Redpath and O’Nielsen, 1997; Shoalts, 1991). Collectivism is described as putting the good of the group ahead of the individual or the subjugation of individual interests to the group’s interests (Hofstede, 1980; Hui and Triandis, 1986). In a national study conducted in Canada, it was found that Aboriginal entrepreneurs were more likely to hire other people, that is, share in the wealth creation (Micro-economic policy analysis branch and Aboriginal Business Canada, 1996), which is in line with collectivism. Interestingly it has been stated that Aboriginal cultures in fact see the good of the group as identical to the good of the individual (Redpath and
indicating a reconciliation of group and individual interests rather than a subjugation of one to the other. This is further supported by traditional forms of governance (political and organizational) in which consensual decision making is the rule rather than the exception in order to ensure respect for the individual (Chapman et al., 1991; Newhouse and Chapman, 1996; Redpath and O’Nielsen, 1997). Consensual decision making also ensures that decisions are made for the collective and not only for the majority, thereby ensuring the inclusion and protection of the minority voice. Research has shown that there is little variation in Aboriginal orientations towards the individual and the collective (Kluckhohn and Strodtbeck, 1961). With regard to uncertainty avoidance, Aboriginal cultures are presumed to score low on this index as rules are imposed by tradition versus the structured, written rules and regulations of Western societies (Redpath and O’Nielsen, 1997).

Similarly with the dimension of power distance, in Aboriginal cultures, leaders are seen as servants of the people rather than bosses; therefore, employees feel comfortable disagreeing with their bosses (Redpath and O’Nielsen, 1997). This is further supported by studies conducted on Aboriginal organizations, which found that, although there was a formal organizational hierarchy, the roles played and the relationships between the various members of the organization were less clearly defined (Chapman et al., 1991; Newhouse and Chapman, 1996; Redpath and O’Nielsen, 1997). Cultural values of respect, interdependence, caring and sharing would indicate low power distance as well as low masculinity in Aboriginal cultures (Chapman et al., 1991). Aboriginal cultures are described as being closer to the femininity end of Hofstede’s index, in that ‘quality of life, personal relations, solidarity, and helping others’ (Chapman et al., 1991) is fundamental to traditional Aboriginal philosophies.

When describing Aboriginal culture with respect to the long-/short-term orientation dimension, Redpath and O’Nielsen (1997) could not gauge an appropriate response because distinctions between the two ends of the spectrum were unclear and at times contradictory. Indeed earlier research by Kluckhohn and Strodtbeck (1961) found that the native Zuni culture in Arizona perceived the past and present as close. What is clear from the above discussion is that Aboriginal people are culturally distinctive. The following section will review some of the research that has been done on Aboriginal businesses.

**Aboriginal American business/entrepreneurs**

The Aboriginal Entrepreneurs Survey conducted by Industry Canada in 2002 found that stated objectives for self-employment were stability, profitability and family employment, with growth being fourth in objectives. The report (Industry Canada, 2002) indicates that Aboriginal business is typically a ‘mom and pop’ home-based operation with a local market and self-employment as the driving motive. This profile contrasts with the ‘American Dream’ entrepreneurial mindset of threshold growth and global markets. In a study conducted in a Mohawk community in Canada it was found that the entrepreneurs saw profit gain as being less important than did non-Mohawk entrepreneurs (Abraira, 1995). Conversely results found by Anderson (1995) on 71 First Nations groups in the province of Saskatchewan in Canada showed that ‘Aboriginal economic development is characterized by an emphasis on the creation of profitable business ventures.’ These conflicting results highlight the wide heterogeneity of perspectives and states of economic development amongst Aboriginal peoples.
Aboriginal business owners who had formal business training or a prepared business plan are more likely to be successful than those who did not: 31 per cent (with) versus 24 per cent (without) and 33 per cent (with) versus 27 per cent (without), respectively (Micro-economic policy analysis branch and Aboriginal Business Canada, 1996). Furthermore those who had provided formal training for their employees were found to be more successful (24 per cent) versus the Aboriginal (14 per cent) businesses that did not provide formal training. In comparison, 38 per cent of small Canadian businesses provided formal training (ibid.).

Some of the main factors attributed to difficulties or obstacles to Aboriginal business owners were management skills, improving productivity, innovation, access to financing, employee training and expansion of markets (ibid.). As noted earlier in discussions on the level of education amongst Aboriginal peoples in Canada, as well as the business training as a success factor mentioned above, the stated obstacles can be more readily explained. With regard to access to financing, as discussed earlier, it has only been in the last few years that a greater number of financing institutions, including banks, government and Aboriginal institutions have made available their services and funding to Aboriginal business owners and communities (for example, Micro-economic policy analysis branch and Aboriginal Business Canada, 1996; INAC, 2004).

Based on the above, the following propositions are developed. Similar to other successful entrepreneurs in North America and other countries, Aboriginal American entrepreneurs will (1) have similar personality characteristics, including high self-efficacy, high need for achievement, high need for autonomy, internal locus of control, and a sense of humour; (2) have received some education or training in their field; (3) have some business skills and abilities, such as networking, strategic planning, accounting and marketing; (4) have a different culture than non-aboriginal Canadians, including low on masculinity, low on power distance, and low on individualism.

However, just as previous research has found that entrepreneurs from different cultures view success differently, it is proposed that (5) Aboriginal entrepreneurs will view success in terms other than profit or growth outcomes, and (6) culture will interact with personality in unique ways to effect success (see Table 30.1).

Method
Case studies were conducted with entrepreneurs following standardized qualitative research protocol (Miles and Huberman, 1984; Yin, 1984). Interviews were conducted with 12 small business owners by one of the researchers. These Aboriginal entrepreneurs were situated in a Mohawk (First Nations) community located near a large urban area in Canada. The interviews, which lasted under an hour each, were used to develop training videos for an entrepreneur program. Open-ended questions included questions such as: What motivated you to start the business? What is your daily life like? What are your goals? Where did you get your idea? Did you do any research before starting the business? What difficulties or obstacles did you face? During the difficult period(s) how did you stay motivated? How do you measure success? What advice would you give to future entrepreneurs? Additional questions were asked regarding marketing, employees, family support, bartering, alliances and partnerships, and future plans.

Other members of the research team, as well as two research assistants, content-coded the interviews for cultural traits, personality characteristics, success criteria and measures
Table 30.1  Interaction of culture and personality with success

<table>
<thead>
<tr>
<th>Personal characteristics, cultural values</th>
<th>Relative value</th>
<th>High self-efficacy</th>
<th>Internal locus of control</th>
<th>High need for achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collectivism</td>
<td>High</td>
<td>Group ability to accomplish goals</td>
<td>Success dependent on individual effort in concert with others: ‘we are in control’</td>
<td>Group effort to meet demanding group needs</td>
</tr>
<tr>
<td>Low</td>
<td></td>
<td>Personal ability to accomplish goals</td>
<td>Individual hard work: ‘I am in control’</td>
<td>Individual effort to meet demanding goals</td>
</tr>
<tr>
<td>Uncertainty avoidance</td>
<td>High</td>
<td>Having structure and rules to accomplish goals; knowledge and creation of norms stressed</td>
<td>Structure and rules</td>
<td>Structure and rules used to meet demanding goals</td>
</tr>
<tr>
<td>Low</td>
<td></td>
<td>Having or creating freedom and flexibility to accomplish goals; results-oriented</td>
<td>Indifferent to having structure and rules</td>
<td>Ambiguity, uncertainty used to meet goals</td>
</tr>
<tr>
<td>Power distance</td>
<td>High</td>
<td>Achieving goals given what is allowable given one’s position</td>
<td>Within context of one’s position, linked to status</td>
<td>Striving to achieve goals is constrained by one’s position</td>
</tr>
<tr>
<td>Low</td>
<td></td>
<td>Success is dependent on setting ambitious goals.</td>
<td>Indifference to status; success not tied to status</td>
<td>Achieve high goals regardless of status; anyone can reach the top</td>
</tr>
<tr>
<td>Masculinity</td>
<td>High</td>
<td>Accumulation of status, salary, etc</td>
<td>Earning wealth, status, etc at the expense of others; I’ve earned it</td>
<td>Aspiring to achieve high goals to increase status symbols, wealth, etc</td>
</tr>
<tr>
<td>Low</td>
<td></td>
<td>Recognition by peers, colleagues; make a contribution for the betterment of society or the environment, etc</td>
<td>Create value for society, environment</td>
<td>Aspiring to achieve goals that are in harmony with society; non-material goals</td>
</tr>
</tbody>
</table>

*Source:* Adapted from Lituchy et al. (2005).
of success. Names of the entrepreneurs and their SMEs were disguised to protect their anonymity.

**Results**

The demographic information for each of the 12 entrepreneurs is briefly presented below and summarized in Table 30.2.

Geoff is a male in his 70s who could be characterized as an individualist. Geoff definitely has a ‘bias for action’. Like all good entrepreneurs he is not a procrastinator and follows a ‘ready-fire-aim’ philosophy. He actually has a background as an entertainer and is very skilled at promotion and marketing. He is low on power distance and uncertainty avoidance and has a long-term orientation. It is difficult to place him on the masculine/feminine scale, but is likely closer to the masculine end. He is interested in passing his business on to his children.

Bill is a male in his late 30s who is taking over and expanding his father’s business. He leans towards a collectivist orientation. His siblings also are involved in business ownership, and his strong family ties place him on the feminine side of the scale.

Laura is a female about age 40. She is strong-willed and her objective was to show that a woman could succeed in a male-dominated industry and, more importantly, that an Aboriginal business could compete against a non-Aboriginal business on their own turf. Somewhat collectivist-oriented, she used an all-Aboriginal workforce and realized she could not do this herself; she needed to create a team environment.

Jean is a male in his late 50s and he has a strong sense of community. He has owned several businesses over many years and is a council Chief with the economic development portfolio. He enlisted support of mentors when starting his restaurant business and would be on the collectivist and feminine sides of the scales. He freely discusses business with everyone and has been known to give advice to his competition. There is a sense that he realizes he is in a community of businesses and he does not want to see any fail – he would not be happy if he were successful to the point of putting other community businesses out of business. Jean does a lot of networking and is very family-oriented.

Alan is a past Grand Chief of this Mohawk community; he is in his early 70s and is passing his business on to his children. He is on the masculine end of the scale. (Note: men born in the 1920s to 1930s and now in their 70s may be the limit of the push towards a masculine society). The driving force behind his entrepreneurial venture was anger at the non-Aboriginal ‘knock-offs’ of Aboriginal arts and crafts. Made in Asia, these ‘knock-offs’ were inexpensive and not made with the same materials, quality and traditions that typify authentic Aboriginal crafts. Alan has become an outlet for Aboriginal crafts persons who provide him with paintings, sculpture and Aboriginal art forms that Alan sells through his retail tourist store. Alan is proud to be an intermediary between Aboriginal craft persons and the non-Aboriginal consumer as it provides him with an opportunity to showcase authentic Aboriginal art. This is a common theme in Aboriginal entrepreneurs – they are often driven by superordinate goals of cultural retention and promotion rather than personal goals of power and wealth.

Leslie is in her early 50s and is following in the family business traditions. She learned the business as she grew up in the home and developed the same strong sense of cultural values and traditions. Her satisfaction from being a second generation entrepreneur is also intrinsic rather than extrinsic. What gives her the most satisfaction from being in business
<table>
<thead>
<tr>
<th>Name</th>
<th>Type of business</th>
<th>Years in business establishment</th>
<th>Family-owned?</th>
<th>Previous industry experience?</th>
<th>Education/Training?</th>
<th>Other work experience</th>
<th>Focus?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geoff</td>
<td>Golf course</td>
<td>20 years</td>
<td>Yes – passing to children</td>
<td>Yes, he was an avid golfer</td>
<td>No (na)</td>
<td>Did ironwork; ‘life-time entrepreneur’</td>
<td>Local primarily</td>
</tr>
<tr>
<td>Bill</td>
<td>Auto parts</td>
<td>40 years</td>
<td>Yes, father started in 60s</td>
<td>Worked there since 11 years old</td>
<td>No (na)</td>
<td></td>
<td>Local, a bit regional</td>
</tr>
<tr>
<td>Laura</td>
<td>Tent rentals</td>
<td>5 years – closed now</td>
<td>No, on her own</td>
<td>Not sure – don’t think any.</td>
<td>Possible higher education</td>
<td></td>
<td>Local / regional</td>
</tr>
<tr>
<td>Jean</td>
<td>Coffee shop</td>
<td>3 years – closed now</td>
<td>No, on his own</td>
<td>No</td>
<td>(na)</td>
<td>Travelling sales; taxi business</td>
<td>Local only</td>
</tr>
<tr>
<td>Alan</td>
<td>Crafts</td>
<td>25+ years</td>
<td>Yes, passing to children</td>
<td>Was Grand Chief, public figure</td>
<td>(na)</td>
<td>Politician, built up good image</td>
<td>Regional, tourist focus</td>
</tr>
<tr>
<td>Leslie</td>
<td>Crafts</td>
<td>25+ years by father</td>
<td>Yes, took over for parents</td>
<td>Worked in family business</td>
<td>Possible higher education</td>
<td>Public sector</td>
<td>Regional, tourist focus</td>
</tr>
<tr>
<td>Edward</td>
<td>Construction, hardware</td>
<td>22 years</td>
<td>Yes: passing to children</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>Local</td>
</tr>
</tbody>
</table>
Table 30.2  (continued)

<table>
<thead>
<tr>
<th>Name</th>
<th>Type of business</th>
<th>Years in business establishment</th>
<th>Family-owned?</th>
<th>Previous industry experience?a</th>
<th>Education/ Traininga</th>
<th>Other work experience</th>
<th>Focusb</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mary</td>
<td>Lobsters</td>
<td>3 years – closed now</td>
<td>No, has partner</td>
<td>No</td>
<td>Learnt from partner</td>
<td>Some public sector</td>
<td>Local / regional</td>
</tr>
<tr>
<td>Ellen</td>
<td>Bakery</td>
<td>5 years</td>
<td>No, on her own</td>
<td>No</td>
<td>Yes</td>
<td>Local</td>
<td></td>
</tr>
<tr>
<td>Ida</td>
<td>Party supplies</td>
<td>3 ½ years</td>
<td>No, on her own</td>
<td>No</td>
<td>Yes: took business courses</td>
<td>Local</td>
<td></td>
</tr>
<tr>
<td>Chuck</td>
<td>Full restaurant</td>
<td>5 years</td>
<td>No, on his own</td>
<td>No</td>
<td>Engineer</td>
<td>Engineer</td>
<td>Local primarily</td>
</tr>
<tr>
<td>Susan</td>
<td>Multi-media</td>
<td>Within 5 years</td>
<td>No, on her own</td>
<td>No</td>
<td>Yes: took multimedia course</td>
<td>Not sure/homemaker</td>
<td>Focus on Aboriginal markets</td>
</tr>
</tbody>
</table>

Notes:  (a) na means that there is nothing of note; (b) local = just the aboriginal community; regional = surrounding area and into the metropolitan area; aboriginal markets = there is a market of Aboriginal institutions (bureaucracy), especially for business services.
is the opportunity to teach non-Aboriginals about Aboriginal culture. She loves the Pow-
Wows, trade shows and serving customers for the chance to tell them all about her beau-
tiful Aboriginal community while sensitizing them to Aboriginal values.

Edward is a male in his late 60s who probably pushes the limit on the individualist and
masculine ends of the scale. He had a local construction company that he owned and
operated. His hardware store was an extension of his primary construction business as he
realized he could save money by dealing directly with lumberyards versus retailers in
neighbouring communities. Within the community, other contractors asked him if they
could ‘piggy back’ on his direct purchases, which he began to do. He slowly expanded until
he became a community hardware store. He has developed a loyal clientèle predominantly
from the local community.

Cathy is in her mid-30s and now runs her father Edward’s hardware store operation.
She is very family-oriented, connected to the community, and has good networking skills.
Both Cathy and Edward have a long-term orientation and are low on power distance.
They have strong cultural ties and sensitivity to Aboriginal norms. They have strong internal
rule-based conformity to cultural norms.

Mary is in her early 40s and practises the collectivism that most Aboriginal entrepre-
neurs prefer. She very much typifies the current generation, with a cooperative entrepre-
nership built on alliances with Fred (who has the expertise she lacks). She also has an
alliance with an Aboriginal reserve where there is exclusive access to prime grade lobster.
This collectivism (on the supply side) has allowed Mary to be able to provide a premium
quality product, in the Montreal market, in an industry in which she does not have expert-
tise. Historically indigenous entrepreneurs were central to the development of Montreal’s
economy (see Figure 30.1).

Mary has a strong orientation toward doing. She is low on uncertainty avoidance and
low on long-term orientation. In keeping with Aboriginal culture, she adopts a feminin-
ity approach to business. This is congruent with the low power distance and the cooper-
ative entrepreneurship approach.

Ellen is in her late 30s and started her business as an ‘at home’ cake-baking operation.
Her culture and personality are very similar to Mary’s and Laura’s. The demand for her
baked goods got to the point where she had to set up a physical location dedicated to the
business. She gradually expanded to a full service bakery. She used family extensively and
she has a number of long-term employees who have been with her from the beginning.
She is very good at networking and getting relevant expertise when needed.

Ida is in her late 20s and typifies the current generation of women entrepreneurs in this
Mohawk community, which is also very similar to the case of Laura, Mary, and Ellen. She
partnered with another women entrepreneur to start a business with a local orientation,
selling party supplies to customers in the community. The partnering aspect and the alliance
network she created with complementary businesses (music, food) show her collectivism.

Chuck is in his early 40s and tends towards the feminine side of the scale, in contrast
to the older males. He is typical in the other areas: low power distance, low uncertainty
avoidance, and collectivist in overall nature. He used community resources to fulfil his
entrepreneurial vision. Chuck graduated from university in engineering but went on to
become a successful restaurateur in the community.

Susan is very similar to Laura, Mary, Ellen and Ida. She is in her mid-30s and also typ-
ifies the current generation of women entrepreneurs. She was one of five in the community
who took a web design course. Of the five, she is the only one who started her own business working in that industry. She has offered the other four the opportunity to work for her in her business, illustrating her collectivistic approach. Her family is very involved and Susan networks with expertise, as needed, for support.

Modern Mohawk people are an evolution of a historically militant, aggressive people that were in a matriarchal and collectivist society. This evolution was driven towards an individualist mentality with the arrival of Europeans and the introduction of payments, or wages to individuals. In the past 100 years, this has also been influenced by the onset of an American ideology. The pull of collectivism is historical and cultural but has been overtaken by the enormous amounts of transfer payments provided by the Canadian government, which has established a huge bureaucracy. This has created a cleavage that is difficult to describe. It is an individualist mentality still maintaining a strong community conscience and being simultaneously wary of the Canadian government’s Indian Act Band Council system and government. In fact, many entrepreneurs could claim to be very community-oriented (collectivist at heart) yet individualistic in the operation of their businesses.

The shift from feminine towards masculine was mostly driven by a patriarchal society (the Anglo-Canadian of 100 years ago) and its attempts to dominate Aboriginal people through legislation (the Indian Act) that discriminated against women. This has been resisted, and has never really taken hold. They could still be considered more on the feminine side of the scale where considerable power rests with the women through informal networks.

To summarize, in general this Aboriginal community of entrepreneurs is low on power distance and uncertainty avoidance, on the feminine side of the scale, but bipolar in the degree of individualism/collectivism. For example, Edward, Geoff and Alan are more individualistic, while Bill, Jean and Chuck are more collectivist. The results of the content coding for cultural traits are summarized in Table 30.3. The personality characteristics and success criteria are presented below and summarized in Tables 30.4 and 30.5, respectively.

Geoff is an entertainer first and a golf course owner second. He has a low need for conformity. He is a risk taker, with a definite bias for action. His business serves a specific niche, and he networks very well with the similar types of business around him. He is focused on working with the neighbouring golf courses (also Aboriginal-owned): they share information, lend each other equipment and try to promote Mohawk golf in general rather than each individual course.

You would never know he was an owner or had status over anyone. His dress code and behaviour are always ‘one of the guys’. He likes centre stage but not with a power orientation, more with an entertainment orientation. He seeks the spotlight but more often to promote his culture, his heritage.

Geoff is constantly taking risks – he does not believe in the ‘status quo’ – he relishes uncertainty because it allows him to define what certainty will be. He does not want a pre-programmed destiny: he is constantly searching for opportunity. He takes a long-term focus on all that he does, planning for succession with his family. Profitability is not the driving force for Geoff.

Geoff is very much focused on adaptive behaviour – seat of the pants, gut instinct decision-making style. From a cultural perspective he takes a polycentric approach in his
<table>
<thead>
<tr>
<th>Name</th>
<th>Collectivism</th>
<th>Doing</th>
<th>Power distance</th>
<th>Uncertainty avoidance</th>
<th>Long-term orientation</th>
<th>Femininity</th>
<th>Masculinity</th>
<th>Face work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geoff</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Bill</td>
<td>Medium</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Laura</td>
<td>Medium</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Jean</td>
<td>Medium</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Alan</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Leslie</td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
<td>High</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Edward</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Mary</td>
<td>High</td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>Ellen</td>
<td>Medium</td>
<td>High</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
<td>Medium</td>
<td>High</td>
<td>Medium</td>
</tr>
<tr>
<td>Ida</td>
<td>Medium</td>
<td>Medium</td>
<td>Low</td>
<td>Low</td>
<td>Medium</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chuck</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Susan</td>
<td>High</td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td></td>
<td></td>
<td></td>
<td>Medium</td>
</tr>
</tbody>
</table>
As an entertainer he adapts to his audience, as a golf course owner he provides what his customer is looking for (N.B. both his golf course customers and music audiences are primarily non-Aboriginal). Individually he tends to be on the ‘outskirts’ of acceptance within the Aboriginal community, perceived as too individualistic in seeking the spotlight.

Bill has a network of alliance partners and is constantly seeking new entrepreneurial ventures (partnering with an engineering firm; manufacturing with a supplier network and distributors). He is very focused on building networks and partnering. He has a successful family business (second-generation scrap yard owner), yet he is constantly looking for new opportunities. He takes calculated risk and does not miss the ‘window of opportunity’. Risk taking is his adrenaline. Bill has an adaptive orientation. He rejects conformity to rules yet is very rule-oriented when it comes to Aboriginal traditions and norms.

Laura is a very aggressive, determined entrepreneur. She realized she could not succeed herself and hired an all-aboriginal workforce where she needed to create a team environment. Like many of the others she has a strong propensity to take action, to make things happen. Laura jumped into the business and made many mistakes, but learned from them and continued to improve until she could bid and win on top jobs facing entrenched competition. At one point stress caused her to adopt an authoritarian managerial style. She realized that this did not work with her Aboriginal workforce; therefore, she returned to a more participative management style (more in keeping with the Aboriginal culture of consensus building). Once she realized that local demand was inadequate for survival she did not hesitate to enter and compete in the Montreal market. Survival and a determination to prove she could do anything were important to her. In this case, her survival was not so much financial as it was to prove that her community could compete with the best. A success factor for her was her need to protect the community ego. Motivation is often stronger when Aboriginals can develop objectives that are community-oriented rather than personally oriented. She had to go to an adaptive style because of her customer base. Customer expectations are different in non-Aboriginal cultures and Laura had to follow best business practices in order to win contracts. The bidding process on corporate jobs was different from informal sales within the Aboriginal communities. Her workforce had to conform to deadlines and quality expectations that were much more stringent in the non-Aboriginal environment. Some cultures have a more polycentric approach to entrepreneurship (Chinese, for example) whereas Aboriginal communities tend to have an ethnocentric approach. Laura had to adapt to go counter to her own community values to adopt a more polycentric approach – and succeeded in doing so.

Jean has a strong sense of community. He owns a taxi business, has owned and operated two restaurants and sold Christmas trees. Currently he is a council Chief with the portfolio for economic development. Jean enlisted the support of mentors when starting his restaurant business. Evidence of his collectivity is in the fact that he freely discusses business with everyone and has been known actually to give advice to competition. There is a sense that he realizes he is in a community of businesses and he does not want to see any fail – he would not be happy if he were successful to the point of putting other community businesses out of business. He is very networking-oriented and family-focused. He tends to make decisions about going into business, then seeks a mentor (for example, he had a long-time restaurateur in Montreal advise him prior to opening). Like most entrepreneurs he perceives a ‘window of opportunity’ and wants to act on it quickly before it closes or someone else sees it and acts on it.
Jean realizes that there is uncertainty in all entrepreneurial ventures but he counters the risk with the realization that he has contingency planning for potential eventualities that could arise. Jean understands that you cannot avoid uncertainty completely when starting a business but you can reduce the risk by developing strategies for every possible scenario. He even develops an exit strategy in advance for the eventuality that it may have to be executed. For example, he maintained very low overheads in his breakfast restaurant start-up to 'prove the concept' without undue risk and to be prepared to exit without great loss if the concept did not work.

Jean expresses his viewpoints but his demeanour with employees, customers and community members is always more relationship than task-oriented. Jean is very quick to point out his own errors, easily laughs at his mistakes and takes full accountability for what he does. He is very non-defensive in his actions and does not buffer himself against criticism.

Alan is a former Grand Chief. His entrepreneurial activity is driven by a need to protect and preserve Aboriginal traditions rather than an individual motive for power and monetary gain. This is a common theme with Aboriginal entrepreneurs: they are often driven by superordinate goals of culture retention and promotion rather than personal goals of power and wealth. His daughter, Leslie, now runs the business. Leslie is very people oriented; she is very personable and enthusiastic about sharing her Aboriginal culture with non-Aboriginals. In the business, she is very supportive and appreciative of her employees.

Alan, as a first-generation entrepreneur, is more likely to be action-oriented in decision making. Although Leslie does the day-to-day running of the business, Alan is still the strategic planner and decision maker. Alan is not reluctant to seize opportunity; he had an opportunity to partner with someone to save a considerable amount of money in the construction of his retail operation and he quickly took advantage of this.

Alan and Leslie both adhere to traditional Aboriginal norms where trust and equality prevail. Neither of them exhibits any behaviour that creates a power gap with anyone, including employees. One of the characteristics of Aboriginal entrepreneurs is the equality they project with employees. The power distance they do employ is intercultural when negotiating with foreign governments whom they do not trust to have the same altruistic motivations as the Aboriginal culture. Internally, in the business, Leslie is very appreciative of her long-time employee and does not utilize any authority over her. The courage to overcome uncertainty is usually fuelled by emotion and is beyond logic. Alan, as with many other Aboriginal entrepreneurs, has channelled his emotion of anger ('knock-offs' of his Nation's crafts) into the positive energy of entrepreneurship. This provides the energy necessary to overcome obstacles and also to persevere and compete aggressively with those that threaten his Nation's craftspeople. As with many family businesses, Alan and Leslie have a long-term orientation toward the business. They have developed a loyal clientèle database and have a strong relationship with their supplier network.

Edward owns a hardware store. Cathy, his daughter, now runs the operation. Where Alan and Leslie have a tourist client base, Edward and Cathy have a local clientèle. Cathy, like Leslie, is the day-to-day operations manager but Edward, like Alan, is still behind the scenes providing strategic guidance. Edward’s father’s advice says it all. Edward says his father told him, ‘If you want something, go and do it.’ This is Edward’s guiding philosophy and he used it when starting his construction company and also his hardware store.
<table>
<thead>
<tr>
<th>Name</th>
<th>Role model</th>
<th>Support</th>
<th>N Achievement</th>
<th>Risk taking</th>
<th>N Autonomy</th>
<th>Self-confidence</th>
<th>Self-efficacy</th>
<th>N Conformity</th>
<th>Internal</th>
<th>Sense of humour</th>
</tr>
</thead>
<tbody>
<tr>
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<td>High</td>
<td>High</td>
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<td>High</td>
</tr>
<tr>
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<td></td>
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<td></td>
<td></td>
<td></td>
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<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>Jean</td>
<td>Parents</td>
<td>Friends</td>
<td>High</td>
<td></td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Leslie</td>
<td>Father, grandfather</td>
<td>Institutions, other</td>
<td>Low</td>
<td></td>
<td>High</td>
<td>Low</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Edward</td>
<td></td>
<td>people</td>
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<td></td>
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<td>Low</td>
<td>Medium</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Ellen</td>
<td>Sisters</td>
<td></td>
<td>Low</td>
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<td>High</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Ida</td>
<td></td>
<td></td>
<td>High</td>
<td></td>
<td>High</td>
<td>Medium</td>
<td>High</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Chuck</td>
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<td>High</td>
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<td>Medium</td>
<td>Medium</td>
<td>High</td>
</tr>
<tr>
<td>Susan</td>
<td>Husband</td>
<td>Institutions + grants</td>
<td>High</td>
<td></td>
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<td>Medium</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
<td>Low</td>
</tr>
</tbody>
</table>
These entrepreneurs are not driven by the need to be richer or more powerful than others, they are usually motivated intrinsically to serve and perpetuate the community culture and traditions.

Edward uses incremental entrepreneurship to reduce risk when facing uncertainty. He prefers to risk incrementally and go further as the concept is proved to be successful. The hardware store has probably reached saturation within the community but the high loyalty factor ensures survivability and permanence for the family-owned business. The hardware store is another family business that is rooted in long-term succession. Human resource policies are also based on equality. Externally the threat of big box retailers in local communities (high volume, low margins equals high profitability) has made Jacob’s hardware adapt by moving toward a differentiation strategy that has them carry ‘unique’ products for the local Aboriginal market, such as windows and doors with Aboriginal motifs. This has them staying competitive by going to the differentiated strategy (low volume, high margins equals high profitability) to counter the mass-market strategy of the big box retailers.

Mary owns a lobster business. She had no business plan, just a conviction that there is a market and she and her partner would be able to make it happen. An alliance of equals, where Mary contributes in her area (distribution side and financing) and others in the alliance make their contributions is the business’s working model. In her business, there are too many ‘uncertain’ variables over which she has no control: quality of lobster, quantity available, seasonality, weather and so on. This is not a business opportunity for those who crave certainty and she is willing to take the risk and adopt a trouble-shooting mentality with the business (along with contingency planning). Similar to many Aboriginal entrepreneurs, Mary is willing to ‘let go’ and move to other entrepreneurial opportunities or accept a hiatus. In the lobster industry, planning cycles are short, so it is an industry that does not lend itself to long-term planning. The Aboriginal thinking is predominately short term: most Aboriginal entrepreneurs (other than family businesses) retain the exit option much more readily than non-Aboriginal entrepreneurs.

Mary laughs at her mistakes and sees them as a learning process. For example, they transported a large shipment of lobsters from St Mary’s Bay to Montreal (themselves with their own truck) and they lost the entire shipment (it froze). She talks about it easily and mentions how they improved their heater as a result of that experience. A tangible example of Mary’s adaptive behaviour occurred when there was a lean year for lobster (both quality and quantity). Mary increased gross revenue by building a mobile canteen and cooking the lobster and selling them as a meal at Pow-Wows and other Aboriginal gatherings.

Ellen went from baking cakes at home to running a full-service bakery. She is very good at networking and getting relevant expertise when needed. She had a goal to start a business in ten years. She took a cake-decorating course and started to make cakes for family and friends. Quick success got her to a full business within half the time she had set as a goal.

Ellen is the owner but treats her employees as her peers. Employee behaviours that would not be tolerated in a non-Aboriginal community are accepted. The upside is that employees (the source of most innovation, along with customers) have more free rein to make decisions. There is more empowerment of employees (less hierarchy) in Ellen’s business (and most Aboriginal environments) than in non-Aboriginal organizations.
Ellen spends a good portion of her time in future planning. She has expansion plans to locate (build) in a better location with capacity for two complementary businesses and a reception/conference room above. At present she has grown incrementally, which has reduced risk, but this next stage will require a step-up level of growth. Ellen is results-oriented. Her employees are long-term and these employees are there because of her cooperative management style that empowers them to make decisions. As with many small businesses in the community, Ellen’s reached a saturation point, locally, where there are few new customers.

Ida partnered with Joy to start a business with a local orientation, selling party supplies to residents. She learns as she goes, making decisions and then adapting (repositioning) according to results. Ida is powerful but not because of her position as business owner. She does not use legitimate power and she does not create a power aura by her dress code or trappings of office. Ida has a charismatic leadership style, as do many Aboriginal entrepreneurs. She is more task-oriented than Joy. They have complementary business skills. Ida is best at negotiating with suppliers, collecting A/R (accounts receivable) and financial management. Joy is best with customer relations, merchandising and complaints. Both have a cooperative style when dealing with employees.

In the case of Ida, she reduces uncertainty in a couple of ways. First, like many entrepreneurs, she has the desire to make something happen, to have an impact. Therefore she prefers ambiguity (uncertainty) because it gives her the opportunity to define tomorrow rather than have it pre-programmed for her. The second aspect is her confidence to handle any unforeseen issue that could arise. She does scenario building to prepare for eventualities. She has another job to buffer her salary and the bottom line is that she has the confidence to feel that she can, and will, handle anything that arises.

An exit strategy is always on the horizon for many of the Mohawk entrepreneurs. Ida, also, has exit as a viable strategic option. In fact, she ultimately exercised this option. She sold her share to Joy, is now pursuing a career in paramedics/firefighting and is exploring the opportunity to become a First Nation trainer for resuscitation and other paramedic procedures. Always looking for an opportunity to control rather than be controlled, her quest is now to be the original First Nation training officer (in her own business, providing outsourced training to other First Nation paramedics).

Ida’s and Joy’s store has not reached a point of being rule-based because they were breaking new ground in the community and had to learn to adapt to the client needs and wants. They discovered a high demand for Anne Geddes cards that they did not foresee and so they started stocking those cards. They did not get the demand for gift baskets that they anticipated, so they dropped that line. The replenishment of inventory was significantly different from the original inventory they purchased, based on their forecast. They were very quick to adapt to real market conditions in order to survive.

Chuck was content as an engineer, enjoying his career, and then he was laid off. He did not like the idea of someone else controlling his destiny and that no matter how good a job he did he was subjected to the decisions of others regarding his career. He was an amateur cook and decided to go into his own business so that he would be independent and control his own destiny.

Chuck had a vision to provide a different type of food: Louisiana-style cooking with Cajun fries, blackened fish and so on instead of the pizza, hamburgers and fries that dominated all other restaurant menus in the community. Everyone said it would not work as
tastes were not geared for Cajun. Chuck reduced risk and uncertainty by developing an
incremental approach, a ‘proof of concept’ trial run by opening a hamburger stand where
he introduced the new menu as take-out only on a seasonal basis (closed in winter). When
this proved successful, he made a significant investment in infrastructure to maximize
upside potential with an upscale, full-service dining facility, open all year round.

Chuck made a commitment to a long-term orientation. The investment was substan-
tial and the focus was on long-term payback. However, like many local businesses, the
restaurant is saturated locally and is dependent on repeat customers for continued busi-
ness. Chuck has given some thought to ‘exporting’ to neighbouring communities and has
been developing a delivery base to these communities. This is an indication of a continu-
ing long-term orientation.

Chuck has an eye on the bottom line but not at the expense of family and community
cultural values. Relationships always come before profitability and there is an acceptance
that the community will support you as long as you conform to Aboriginal values and do
not become focused on greed and personal power.

For security purposes, and to maximize profits, Chuck has installed restaurant software
and a computerized cash system. His accounting procedures are rule-based. His confor-
mity to community values is rules-based (otherwise the community will not support a
business that does not conform to Aboriginal ethics, values and norms). Chuck does
adapt from a business perspective by changing menu items based on customer requests
and by creatively looking for new ways to ‘upsell’ existing loyal clients (theme nights such
as comedy night, band nights, and so on).

When Susan started her business the Aboriginal communities did not have high-speed
Internet and they were a couple of years behind North America in terms of computer lit-
eracy. It was difficult to find clients but Susan started to approach Aboriginal institutions
as they began to develop web sites. She has to adapt constantly to new technologies and
software; she nonetheless conforms to the Aboriginal culture for doing business.

Susan's husband is a strong entrepreneur and he encouraged and supported her in the
start-up phase. Susan is disposed to taking action when presented with opportunities in her
web design business. Expertise prevails over authority. She is comfortable managing without
relying upon authority and this is consistent with her Aboriginal background. Susan
reduces uncertainty by surrounding herself with expertise. She started with a partner (Lisa)
and that gave Susan confidence. She also had excellent support from her husband. She had
community economic development support and also outsourced consultants. Uncertainty
is significantly reduced when you have a team of best-in-breed virtual alliances.

Sensitivity is a prime trait for Susan. She was having problems with her contract esti-
mations as she was constantly going beyond the call of duty and providing more value
than the contract called for. This is going better now, as she has started to bid for and win
contracts for Aboriginal institutions (B2B) rather than the more emotional and less lucra-
tive consumer sales (B2C).

Discussion and conclusion
Most of the Mohawk entrepreneurs have a client base that is from the community; this
clientele has the expectation that the businesses should conform to Mohawk norms.
Aggressive marketing techniques, as well as entrepreneurs who are driven by personal
power and profitability, are rejected by the community (whereas these are success factors
Table 30.5  Business knowledge and skills: success criteria and measures of success

<table>
<thead>
<tr>
<th>Business Firm</th>
<th>Finding &amp; maintaining networks</th>
<th>Using &amp; Niche strategy</th>
<th>Using abilities</th>
<th>Independence</th>
<th>Overcoming competition</th>
<th>Profit</th>
<th>Quality</th>
<th>Firm growth (e.g. no. of employees)</th>
<th>Planning &amp; strategy</th>
<th>Feel successful?</th>
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</thead>
<tbody>
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<td>Low</td>
<td>Low</td>
<td>Not yet</td>
<td>Not yet</td>
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</tr>
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</table>
for North American entrepreneurs). So, to do business as an entrepreneur in Mohawk communities, one’s values should be consistent with those of the community members. That is, one should have a low power distance, be collective, relationship-oriented (femininity) and adaptive. This is what the Mohawk customers expect from businesses in their community and these are the characteristics most likely to lead to success in this environment. This partly explains why Mohawk businesses have difficulty conforming to a clientele outside the community (the expectations are virtually the opposite in non-Aboriginal communities). This makes these Aboriginal entrepreneurs in Canada different from other minority or ethnic groups, and is consistent with research on indigenous entrepreneurs in other countries as well (Peredo et al., 2005).

There is no long-term orientation (except for family businesses); most of the entrepreneurs have an exit strategy. This is possibly due to the fact that they ‘stay below the radar’ by keeping their businesses at a generic level so as not to disturb the non-Aboriginal business community in Montreal and have that community take political or physical action against them. The cooperative Aboriginal style clashes with the aggressive, individualistic entrepreneurial non-Aboriginal style. The Aboriginal entrepreneur with a cooperative style tends to go into ‘avoidance’ mode rather than confront an aggressive adversary who wants to win at all costs. The ‘survival of the fittest/biggest/most powerful’ runs counter to the Aboriginal ‘sharing/protection of the weak, consensus building, and coexistence’.

Mohawk Aboriginals tend to be ‘bipolar’, with remnants of strong collectivist tendencies coexisting with very strong individualist tendencies that show up in entrepreneurs. Internally there is no ‘power distance’ in their relationships with one another, nor is there any power behaviour. This is the spirit of collectivism, the traditional path of equality. Externally they project a ‘power distance’ in dealing with non-Aboriginal entities that they perceive as untrustworthy. In these negotiations they would utilize verbal and non-verbal behaviours to evoke a power distance. Most negotiations are conducted with caution: both parties engage in political posturing. So, although the Aboriginal collectivism implies cooperation, equality and the absence of ‘power distance’, they do not utilize this cultural approach in dealing with a non-Aboriginal approach of win/lose, power-based negotiations. So they develop their own power distance (non-participation, stalling, avoidance and other strategies rather than resorting to aggressive negotiating tactics).

Most entrepreneurs in general prefer to be adaptive rather than rule-based. This is true for Aboriginal entrepreneurs as well. It is important that they are adaptive because they are faced with the constraints of their culture and by the expectations that non-Aboriginal entities have of their entrepreneurial behaviour. One example that highlights this is the perception within this community that non-Aboriginal businesses triggered the political system to discourage the establishment of greenhouses to grow flowers. It is believed that non-Aboriginal businesses exercised their power by lobbying their elected representatives to block the funding for this venture. Thus Aboriginal entrepreneurs believe they have numerous cultural and political constraints, which they do not have the power to change and to which they must adapt. This, combined with the fact that Aboriginals in Canada that live and work on a reserve are not taxed personally or for businesses, encourages them to develop businesses that stay in the community and sell exclusively to others in the community. Those that do go ‘above the radar’ and develop an opportunity that has customers (and competitors) beyond the community (such as Mary and Laura) tend to be given a ‘rough ride’ politically.
The ‘best practice’ business model for North American small business is to achieve survival and then institutionalize a system for efficiency. This becomes necessary as demand wanes (saturation/maturity increases), competition and substitutability increases (putting pressure on prices) with economies of scale becoming necessary (by focusing on supply-side efficiencies). Thus a small business normally needs to develop an efficient ‘system’ to reduce reliance on expensive, indispensable employees and to develop other supply-side efficiencies to reduce cost and make profit in a competitive market. The movement goes from adaptive (start-up) to a rule-based business. The franchisable, efficient business model in which you ‘check your brains at the door and follow the procedures’ is an example.

Everyone tries to reduce uncertainty, even entrepreneurs. It is not that entrepreneurs seek uncertainty, it is just that they find adrenaline in uncertainty. The entrepreneurs have various ways of reducing risk/uncertainty so that it appears to others they have low uncertainty avoidance but, in actuality, they have reduced risk through knowledge (experience) that others do not have. Risk is perceptual and what some perceive as high-risk, others see as low-risk.

The entrepreneurs often use a ‘pilot launch’ to test the concept, as a way to reduce uncertainty. By keeping overheads and fixed expenses at a minimum, the variable costs can ‘float’ with sales. This covers ‘downside risk’ as survival can be achieved even if sales are very low (owing to low overheads). As the business model is repositioned and becomes successful, investments are made in fixed overhead, which often reduces variable costs. When sales increase and variable costs are reduced, profits are often higher.

The Aboriginal community culture will not tolerate power based upon ownership (for example, investment made in the business, dominion over employees because the owner writes the pay cheque). The entrepreneurs, like others who want to lead (such as politicians), have to earn the respect of others by being true servants to the community: a reverse pyramid of leadership.

It should be noted that our field research site is not a typical example of an Aboriginal Canadian community; it is a unique place. It is a community near an urban centre. Entrepreneurship (and its role in economic development) is significantly different in remote communities, especially in the north. In the northern Aboriginal communities you are more likely to find ‘band-owned’ ventures, and the individual entrepreneurs tend to be in arts and crafts or tourism-related ventures. Therefore more research needs to be done to determine why this community has been successful in terms of small business economic development, how they compare to the other Aboriginal communities and what can be done to assist these other communities.

Furthermore community values tend to be somewhat ethnocentric and the entrepreneurs (whom the community supports) are expected to conform to the Aboriginal values of collectivism. This restricts entrepreneurial opportunity to ‘mom and pop’ activity within the community, to reduce economic ‘leakage’. There are some polycentric approaches to entrepreneurship (for example, Laura competed with non-Aboriginal entrepreneurs by adapting to non-Aboriginal consumer expectations). One recommendation is the establishment of ‘cooperatives’ and similar business models where an association of entrepreneurs develops alliances with non-Aboriginal entrepreneurs to sell into non-Aboriginal environments. Clearly further research needs to be done in this area.
Acknowledgement

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References


This chapter describes aspects of a unique relationship between an ancient agricultural practice and the culture that it sustains. Hopi agriculture, known as ‘dry farming’ because it relies strictly on precipitation and runoff water (along with hard work and prayer), has kept the Hopi culture intact for nearly a thousand years. But aside from the sustenance it provides the people of the high desert of Northern Arizona, corn enters into nearly every aspect of traditional Hopi life, contributing to development of values, the sharing and passing-on of tradition, celebration and connection with the Great Mystery.

After their Emergence into the Fourth World, the clans that would one day comprise the Hopi people approached the Guardian Spirit, Masaw, in the region that is now northwest Arizona, and asked his permission to settle there. Masaw recognized that the clan people’s former life, which they knew was not bringing them happiness, had been given over to ambition, greed and social competition. He looked into their hearts and saw that these qualities remained, and so he had his doubts that the people could follow his way. ‘Whether you can stay here is up to you,’ he told them.

Masaw warned the clan people that the life he had to offer them was very different from what they had before. To show them that life, Masaw gave the people a planting stick, a bag of seeds and a gourd of water. He handed them a small ear of blue corn and told them, ‘Here is my life and my spirit. This is what I have to give you.’

There is a distinction between the one true Hopi, Masaw, and the people who follow his way. Masaw is the true embodiment of a Hopi; the people who follow his way are merely Hopi Senom, or People of the Hopi. However, following common tradition, members of the Hopi Tribe discussed in this chapter will be referred to as ‘Hopi’.

To be Hopi is to embrace peace and cooperation, to care for the Earth and all of its inhabitants, to live within the sacred balance. It is a life of reverence shared by all the good people of Earth, all those in tune with their world. This manner of living lies beneath the complexities of wimi, or specialized knowledge, which can provide stability and wisdom but when misused can also foster division and strife.

Deeper still in the lives of traditional Hopi people lies the way of Masaw, a way of humility and simplicity, of forging a sacred bond between themselves and the land that sustains them. Masaw’s way is embodied in corn. At the time of the Emergence, Masaw offered the clan people a manner of living that would not be easy. Dry-farming in the high desert of northern Arizona, relying only on precipitation and runoff, requires an almost miraculous level of faith, sustained by hard work, prayer and an attitude of deep humility. Following the way of Masaw, the Hopi people have tended to their corn for nearly a millennium, and the corn has kept them whole.

For traditional Hopis, corn is the central bond. Its essence, physically, spiritually and symbolically, pervades their existence. For the people of the mesas, corn is sustenance,
ceremonial object, prayer offering, symbol and sentient being unto itself. Corn is the Mother, in the truest sense – the people take in the corn and the corn becomes their flesh, as mother’s milk becomes the child. Corn is also regarded as the child, as when the wife of a farmer tends to the seeds and newly received harvest, blessing and ritually washing the corn, talking and singing to the seeds and ears. The connection between the people and the corn is pervasive and deeply sacred. In a remarkable symbiosis between the physical and the spiritual, the Hopi people sustain the corn and the corn sustains Hopi culture.

Victor Masayesva Sr remembers as a young man in the 1920s and 1930s, working in his family’s corn fields north of the village of Kykotsmovi just after dawn. He could hear other farmers up and down the valley, a place his family calls Hopaq, as they sang to their corn plants. ‘That’s how you take care of the plants,’ he says. ‘You sing to them, because they’re just like humans, they have their own lives, and they like to hear you singing to them.’

The Hopis’ intimate relationship with corn is a bond that reaches back for centuries (terraced fields near the village of Paaqavi have been farmed since at least 1200 AD). That bond reflects their profound reliance on the plant to sustain them in both good and difficult times. Even in the twentieth century, says Masayesva, there have been winters when corn, dried and carefully stored, was essentially the only food available to the Hopi people.

In the early 1940s, when his two brothers were drafted into World War II, Masayesva considered moving to Phoenix to continue his work in highway construction. He spoke with his father, who told him, ‘I’m getting old, and soon I won’t be able to take care of our fields any longer. I want you to take over the farming. This is your decision. If you choose to be a farmer, you won’t get rich, but you can sustain not only yourself but your family, and there are other benefits. It’s going to take a lot of hard work. You have to be able to accept that responsibility.’ Masayesva spoke with some of the elders at Hotevilla, his village on Third Mesa. They told him that to be a farmer would be a good thing – the fundamental Hopi way. After careful consideration he made his decision, and he has been tending his family’s fields, probably the largest fields remaining at Hopi, ever since.

‘One of the things that Masaw wanted the people to do was to plant, to be farmers,’ he says. ‘A long time ago I spoke with one of the last major chiefs in this village. He told me he wished he were in my place. He had certain religious responsibilities, obligations, and he and the other priests were concerned that they might not fulfil those obligations. He told me, ‘You’re like a child, you don’t have these things weighing down on you.’ The priest told Masayesva that he was living the simple life that Masaw had offered the people and, in doing so, he was blessed.

Masayesva says that farming is a crucial element in a way of life that binds the people, the corn and the sacred mystery. Hopi farmers believe that singing to the plants is much like photosynthesis, that the songs energise and rejuvenate the plants. ‘It’s all tied together. When you first plant your seeds, you take very good care of them, and when the plants come up, you go and sing to the plants, and the plants dance in rhythm to the song. That’s how we were taught, and it is a practice we continue.’

To test the strength and character of the clans, Masaw instructed them to travel in the four directions, to make their way in a difficult world and face the hardships that would determine whether they might come back and follow the life he offered to them. He told the clan people that at some point he would signal them that it was time to return.
Thus began the Migration Period, marked now throughout the Southwest and beyond by stone ruins and other structures, by petroglyphs and pictographs, and on a more subtle level by the spirits of the people who lived and died along the way.

During their journeys, the clan people relied on corn as a primary means of survival. The varieties of corn they carried and cultivated were uniquely suited to the harsh, unforgiving environment in which they would eventually settle. During their travels, they learned how to plant, cultivate and protect the corn, how to use carefully developed techniques to sustain the plants, to channel water and discourage pests. Along with these things they learned precise methods of prayer and ceremony to ensure a harvest that might mean the difference between survival or starvation. No one can fathom the hardships they faced or which clans were left behind; those who were unable to embrace Masaw’s way probably did not survive.

Some time later, Masaw sent out his signal, and slowly the surviving clans began moving back toward the Hopi Mesas. First to return were the people of the Bear Clan, who were told that their land included all that lay between the Colorado and Rio Grande rivers, with three mesas forming the spiritual centre point. Soon they had founded and settled the village of Oraibi on Third Mesa. More clans followed, and in time a new community, a new tribe called Hopi, was formed.

One by one, other clans came to the mesas and demonstrated their special skills and talents. Over time, through careful negotiation among the different groups, a covenant was established, that they would reject the old practice of clan selfishness and instead contribute to the whole of the newly forming tribe.

The clans settled in their separate villages on the mesas. In doing so they became one, the People of the Hopi. They planted their fields in valleys and canyons with the small, resilient corn that Masaw had given them, corn as hardy and sturdy as the people, and the corn and the people were able to survive. The harshness of the land was indeed the reason that Masaw had provided this place for the clan people, for in such a place, only a life of humility, balance and hard work would ensure their survival. Their shared hardship was the prime bond that held them together.

The Hopi developed ceremonial and spiritual practices common to all the clans, though they also kept their unique clan ways. The villages grew in number, the people kept to Masaw’s way, and the corn kept the people whole, sustaining for a thousand years a culture unique in its richness, diversity and pervasive spirituality.

Hopi corn farming is an endless cycle; the very seeds used now to plant blue, red, white and yellow Hopi corn arise from a lineage that reaches back for many centuries. The tough, smallish plants have been bred to provide sustenance in an unforgiving environment. Agricultural methods developed by the Hopi people, such as planting the seeds deep in the soil and tending to them carefully by hand throughout the growing season, have resulted in an agricultural efficiency known in few other places on Earth. Hopi farming endures strictly through the bounty of the universe. Known as ‘dry farming’, it employs techniques that take advantage of drainage and runoff but relies primarily on whatever precipitation falls in a given season.

Prayer and supplication, embodied most publicly in the dances of the katsinas, are religious/cultural practices woven deep into the daily lives of traditional Hopis. Through ritual and ceremony, the people entreat the spirits of the earth, the sky, the mountains and clouds to bring the rain, to tame the wind, to provide a bounty in the fields year after year. This all-embracing focus on sacred ceremony is a powerful cultural binder, guiding the people in common purpose as it sustains a rich cultural tapestry of spirituality, work and tradition.

**Winter and early spring**

To choose an arbitrary ‘starting point’ for a year’s agricultural cycle at Hopi, one can look first to late winter, when the katsinas descend from the San Francisco Peaks north of Flagstaff to enter the villages and dance for rain and regeneration. The katsinas dance for
the vitality not only of the Hopi people and their crops but for the bird world, the insect world, the reptile and amphibian worlds, the world of plants and animals and humans everywhere on Earth. They dance so that the living world will continue.

In the kivas in late winter, special ceremonies are performed, including the planting of bean sprouts. The kiva chief monitors the growth of the plants with a close eye, as the sprouts are harbingers of the level of success the people can expect in the fields during the coming year. The relationship between the bean sprouts and the fall harvest exists on many levels, some of which cannot be shared with those outside the societies. Perhaps the most readily understood is the practical relationship between plants and tenders: if the sprouts grow strong and hardy, those responsible for cultivating them will probably exercise equal care in the fields. A duty of the kiva chief is to admonish those whose sprouts are allowed to dry out or come up weak and spindly.

In the home, farmers ask their wives what will be needed in the coming year’s harvest. The wives of Hopi farmers are responsible for drying and storing seed stock from the previous year, for securing the seeds and dried corn from rodents and deterioration, and for keeping track of each year’s planting needs – for both food and for ceremony. These are skills and knowledge they pass on to their grandchildren, daughters and nieces. The contribution of Hopi women to the longevity of these hardy varieties of corn cannot be overstated; through their understanding and keen eyes and careful genetic selectivity, Hopi women have kept the corn extant for centuries.

Zetta Masayesva, who has resided at the Hopi village of Hotevilla for many decades, describes her intuitive approach to selecting seed stock: ‘When I choose the seed corn, I don’t care if the ear is long or short, as long as the kernels look hard. Those are the ones that will come up. You can tell which ones are weak. We pick the ones that are strong, that will germinate. We know how to pick the ones that are not so good.’

A traditional Hopi farmer married to a Hopi woman does not plant for himself but for his wife’s family. Each year before planting begins, his wife advises him on the quantities and types of corn needed to provide for the food and ceremonial needs of her family and perhaps others as well. The man in turn tells his wife how many gunnysacks of each type of corn seed he will need to plant his fields, and she prepares them. The corn planted each year will be used for a variety of purposes: for food, for ceremonial use, to contribute to weddings and other social events, for use during prayer, and as material for rituals performed by Hopi secret societies that cannot be shared with outsiders or even with other Hopis who do not belong to those societies.

A farmer’s wife must have a clear sense of these varied needs and how best to satisfy them in the coming harvest. Her understanding of the different needs for corn requires intimate knowledge of Hopi culture and religious and ceremonial practice. A woman who can determine the quantities and types of corn needed for the coming year holds a bounty of general knowledge of the Hopi way. Over time, she will pass that knowledge on to her sons and daughters, nieces, nephews and grandchildren.

Before the seeds leave the home, the woman blesses them with prayer and a symbolic washing, a sprinkling of water. She talks to the corn seeds, wishing them good fortune as they grow into new plants. She tells them that she looks forward to seeing them again when they return at harvest time. Zetta Masayesva describes her relationship to the seed stock: ‘It’s kind of like a mother taking care of a child. You take special care, you wash their hair, talk to them, prepare them – in this case, for planting.’
Victor Masayesva visits his fields in March to study them and prepare for cultivation. How much moisture has been retained in the soil? Has erosion caused runoff that must be repaired? Are there worms present? Some farmers plant in March, gambling on a frostless early spring. Sometimes they are lucky; other times the seedlings are frost-burned and killed off, though most of the hardy plants will regenerate new seedlings within a few weeks. Masayesva generally plants in mid-May, pursuing a conservative, reliable method that has never failed him.

Spring is a time when the family comes to Hopi from all over to assist in the planting. It is a period for renewing family bonds, for sharing stories and experiences, for working together toward a common, important purpose. In earlier times, only the men would plant. These days, female family members assist in the fields as well. The women are also responsible for providing food for all during the laborious planting process.

Leigh Kuwanwisiwma, the Hopi Tribe’s Cultural Preservation Officer and resident of Bacavi (Paaqavi) village on Third Mesa, recalls when he was a boy in the 1950s, around the end of the horse-drawn plough era of Hopi farming. He says farm work creates good children and responsible adults. ‘Back when agriculture was widespread – and unfortunately that is declining these days – part of a boy’s role was to get out there farming, learning the hardships, dealing with the environment, listening to his grandfather and father and uncles. I remember watching my grandfather saddling up the burro early in the morning. If my grandmother was packing a noon snack, we knew we would be out all day. At that moment, my heart sank. It was hard work, and there were times when I hated it. But if grandmother was just packing water, I would be so happy because we would be home by noon and I could play!’

The hardships of his youthful farming days, he says, may have seemed like heavy burdens then, but they have come to shape his adulthood, instilling in him an appreciation of hard work, of patience and faith, of being able to put off the rewards of success in favour of duty and responsibility. In the fields of his youth, as he prepared the soil and repaired drainage channels, as he planted the corn seeds and offered them their first small taste of water, he was developing a fundamental connection with the earth. His labour involved hoeing the soil, checking for and removing worms, thinning the plants, channelling runoff, helping to erect windbreaks, building stick shelters around the plants to keep crows and coyotes away. As he performed these tasks, he learned about farming, nature, the animal world, weather and wind, the rhythms of life. Now he teaches the same knowledge and skills and, he hopes, the deeper lessons they hold, to his young son.

Late spring and summer
After planting, a traditional Hopi farmer spends much of his time in the fields, tending each plant with loving care. It is a labour-intensive way of farming. Often family members work alongside him; in these days of outside jobs and distant residences, their times together on the farm are perhaps more important for family cohesion than ever before.

There are numerous concerns in spring and summer. Worms are a constant threat and must be removed by hand from individual plants; ravens and other animals must be discouraged through various means; and if the field lies in a runoff path, the shaping of channels and dykes is continual, especially in a wet year (a multi-year drought lately has presented its own challenges). In the fields, the farmer relies on knowledge, faith and
prayer. In the villages, the katsinas dance to bring rain that will allow the plants to germinate and grow to fruition.

During late summer and early fall, sweet corn is sometimes harvested and roasted in stone-lined, underground steaming ovens. Victor Masayesva’s oven is located on the edge of one of his fields alongside a shallow arroyo. The oven is primed with a wood fire and the corn is heaped inside and sealed off at the top. The steaming process takes all night. Masayesva arises from bed several times during the night to check that the oven remains completely sealed, ensuring a well-steamed batch of corn, which, when ready, will be shared heartily by family members or dried for later use.

**Autumn and the harvest**

When the corn plants have grown to four or five feet tall, when the ears are filling out and their husks have begun to crack with dryness, harvesting begins. This is another time in which the family will gather. Plants are knocked down and ears are harvested and tossed into truck beds, to be carried home to the women of the family.

In Hopi tradition, it is never proper for a man simply to bring the corn into the home, lay it down somewhere and tell the woman, ‘There you are.’ Instead, corn is presented directly by the man, and the woman steps forward to receive it. Her receiving is a way of honouring him, as his personal, respectful presentation honours her.

When the corn harvest arrives, Zetta Masayesva welcomes the ears into her home, thanking them for growing well and providing food for her family. Her long-held tradition, common among traditional Hopi women, is to handle each ear separately, greeting each one, and talking to them as she examines them for quality and firmness.

There is another reason that the woman spends so much time touching and examining the harvest: she is searching for a small number of perfect ears, which she will set aside for ceremonial and ritual use. The ears she seeks are generally small and always elegant in form: large at the bottom, tapering smoothly to narrow tops, with the end kernels arranged in perfect symmetry. These ‘Corn Mothers’ will serve a variety of ceremonial needs – and not merely as ‘symbols’, for to the Hopi people, corn is the Mother, in a very real sense.

Drying and storage of corn are the domain of Hopi women. Ears are sorted and placed in their respective stacks. The Hopi tradition is to stack the ears neatly in the home in overlapping form. Some use boxes these days to store their corn; Zetta Masayesva frowns on that practice, but modern ways have crept into Hopi agricultural practices and many have shifted to more labour-efficient methods.

**Winter and the varieties of corn-based food**

Soon after the harvest is separated, dried and stored, winter sets in. During the winter season, which can be bitterly cold on the mesas, and throughout the year, corn is a basic dietary component of the Hopi people.

A staple for Hopi meals is piki, a paper-thin, layered bread made most often from ground blue corn, water and ashes, cooked by hand on a special flat stone (other varieties of corn are also used for piki, including a delicious red-corn piki mixed with chili peppers). Zetta Masayesva says she, like most Hopi females, has been making piki since childhood. ‘I pat it down with my palms onto the hot stone. I’ve done it all my life, like most Hopi women, so we don’t feel the heat of the stone on our hands.’
Corn is steamed and dried or simply allowed to dry. It is used to make hominy, often eaten directly off the cob; for pudding (red corn is generally the variety used), heaped into a bowl and taken in pinches by the diners; for somiviki, small balls of cooked cornmeal wrapped and tied into husks; and in various forms, including steamed and roasted sweet corn.

For centuries, corn grinding has been a formative social experience for Hopi girls. The work, performed by hand using grinding stones sometimes referred to by the Spanish term mano and metate, is gruelling, akin to the difficult labour that boys face in the fields. Grinding is a social bonding event for girls; as they work side by side they talk, joke, tell stories, share cultural knowledge. Most important in terms of Hopi culture, it is a time when young girls learn to take their traditional place in the family, to accept their gender-based role as provider and nurturer in the home, and to learn the value and necessity of hard work.

**Ceremonial uses of corn**

The sacred nature of corn is reflected in its pervasive use in Hopi society not only for food but as ritual and ceremonial material. Secret Hopi societies use corn in a variety of ways, but outsiders are not privy to those uses. Across the many clans that make up the Hopi people, however, corn has universal uses related to celebrating, praying and maintaining the people’s connection to the Infinite.

In ground form, white corn is the variety most commonly used for ceremony and ritual. White cornmeal and seeds are used in kiva rituals throughout the villages, and cornmeal is employed as an offering to each clan's guardian deity, represented by an icon in the home. White corn powder, or homa, is carried in a pouch by traditional Hopis, to be used for a variety of prayer offerings.

During Powamu (winter solstice), pahos, or prayer feathers, are given to people throughout the villages. Pahos serve multiple purposes, but most typically they are a way in which the people offer prayers for good health, a long life, and goodwill and happiness for all living creatures. In the hours before sunrise, pahos are deposited in special places and individual prayers are made, followed by the scattering of homa on the paho. This is followed by offerings to the rising sun.

Homa is used during the katsina ceremonies. It is used to ‘feed’ and bless the katsinas as prayers are made that the katsinas will reward the people with an abundance of rain and a strong harvest of crops for the benefit of all people. As the katsinas begin their song, the katsina chief sprinkles homa on the dancing spirits, with deliberate and passionate instructions that the dance be performed in harmony with the Earth and with vibrancy and a good heart. Some katsinas wear garb that is adorned with parts or symbols of the corn plant.

**Childbirth and the naming ceremony**

Corn is used ceremonially to mark significant milestones in the lives of the Hopi people. The ceremonial significance of corn is demonstrated from the moment a child is born, when a Corn Mother is placed beside the child, to remain with him/her for the first 20 days after birth.

White corn is used in infant naming ceremonies, 21 days after a child is born. The ceremony is a combination of festivity, prayer and family unity. Most importantly, it is a time to give a name to the child that will stay with him/her for the remainder of their life.
Mothers, grandmothers and aunts gather on this special occasion, each prepared to offer a name that somehow reflects their clan lineage. Before the rising of the sun, the newborn is first given a bath, and then the hair is washed, usually by the maternal grandmother. She is the first in line to begin the naming ceremony, followed by other grandmothers and a succession of aunts.

The white corn is gently brushed over the baby's naked chest, with words spoken from the heart, eternal words that are offered to the child: 'Your name shall be [name]. You shall carry this name through the rest of your life, in sickness and in health. You shall carry this name through your adulthood until the day that you shall sleep in peace.' After the naming ceremony, at the breaking of dawn, the newborn is taken outdoors to face the rising sun, and the identification of a new child has begun.

**Initiation**

As in many cultures worldwide, an initiation ceremony is held to mark the transition point when a child begins moving into adulthood. At about the age of 12, it is time for Hopi boys and girls to take their place in one of two Hopi societies. Before their initiation begins, each child is given a Corn Mother. The ear of white corn is never large; clutching the largest ears would be contrary to the Hopi way of humility. The initiate will hold the ear of white corn close throughout the long initiation ceremony. Afterwards, parents sometimes plant the kernels, bringing forth new plants that hold special meaning for those involved.

**End of life**

On the third day after death – the day before the spirit of the departed is released from the physical body – relatives take food to the burial place. At that time cornmeal is laid down along a ceremonial path to help guide the departing spirit on its way to the Grand Canyon, which the Hopi people consider their spiritual home. And so a life that has been linked to corn on every level from the very moment of birth now follows a trail of cornmeal to the final spiritual resting place.

When the clans accepted Masaw's way, they asked him to lead them. Masaw told them that would not be possible because, he said, he recognized that they carried a lot of knowledge and that they would eventually be controlled again by their own ambition – perhaps to some finality. 'At that time,' Masaw told them, 'I will return to you.' To that, the people of the clans assured Masaw, 'We will remember our past and try not to repeat it, and we will continue to learn from experience.'

In this era of heightened mobility and pervasive mass-communication, the remoteness of the Hopi villages, which cushioned them for centuries from the impacts of Spanish colonialism and Euro-American incursions, no longer represents the barrier it once was. Times are changing, and Hopi culture is stressed today as never before.

Kuwanwisiwma says that Masaw's spirit still abides at Hopi. The question now, he says, is whether the people can continue to hold to the old ways, to remain people of the corn. 'The generation of Hopis today,' says Kuwanwisiwma, 'lives in the real world. No longer can we say this is a “white man's world” and we’re up here separate from that world on these mesas. We’re part of the dominant culture. We too have become influenced materially through the cash economy, with different kinds of value systems that have
become our way of life. That is, I suppose, good to some extent: you work hard for something and you gain materially. But at the same time it’s impacted our culture; we now rely on other forms of survivability.

‘The ceremonial cycle may be ongoing – though much has been lost already – but the strength of the culture is under strain because the corn, and the way of the farm, have slowly been impacted. When I got married in the early 1970s, my father gave me a piece of his cornfield, and he said, “You take care of it, grow your corn for your family and in-laws.” That’s how I assumed responsibility as a husband and father. And I think that kind of social responsibility to family can be strengthened if younger people can appreciate what it means to be part of the Hopi way through farming.

‘Participation in the ceremonies, as we see now with younger kids being initiated and participating, is important. They need to be told in the kivas, in the homes, that the corn is the way the Hopis have chosen; it goes back to our Emergence. As Hopi people, we are fortunate to have survived this long. It is a privilege to be a part of this complex Hopi community of clans living under this one philosophy of corn, of humility. I think if we can continue to teach that, we’ll strengthen the culture as it stands.’
Introduction
Currently one of the most common topics in the political discourse in Mexico is a national concern about Indigenous matters. The current strength of this discourse can be traced to events in Chiapas in January 1994. Not only did this armed conflict raise Indigenous issues to national prominence in Mexico, it also attracted a good deal of international attention from civil sector organizations and social analysts. In spite of this attention the sources of the conflict have not been resolved. In 2005, in spite of the rich resources of Chiapas, the aboriginal population still lives in extreme poverty and, associated with this, poor health and low levels of education.

In spite of their impoverished circumstances the cultural inheritance of the Maya people, with its magnificent past, remains strong. Like aboriginal people elsewhere in North America and Indigenous people in other parts of the world (Anderson et al., 2005), the Maya in Chiapas are seeking to rebuild their communities and improve their socio-economic circumstances in a manner that is consistent with their culture, values and practices. That is precisely the reason why one has to celebrate any attempt to improve the quality of life of this people, especially when the efforts are pointing to reasonable economic goals implying sustainable solutions, as is the case of Centro de Agroecología San Francisco de Asís A.C. (CASFA), herein called the Iguana Sana Case.

Chiapas
The 75,334 square kilometres that make up the Mexican State of Chiapas is politically organized into 118 municipal sections located in nine regions: Centro Altos (High Land), Fronteriza (Border), Frailesca (Priests), Norte (North), Selva (Jungle), Sierra, Soconusco and Costa. Because of the diversity of these regions, the Chiapas population of about four million people is almost 21 per cent Indigenous population. It is calculated that there is 23 per cent of illiteracy (while in the Municipio Santiago del Pinar, 68 per cent of the over 15-year-old population is analphabetic). In this state the Catholic religion is predominant with about 64 per cent of the total population.

Chiapas is blessed with natural resources including large forest areas, big rivers, the most important source of electricity in Mexico and very important petroleum reserves with much more petroleum to be discovered through exploration. In addition to these natural resources, Chiapas has a rich ancient cultural heritage preserved in magnificent archaeological sites. Chiapas also has an international border with the Guatemala Republic, a considerable section of coast on the Pacific Ocean and an extensive agricultural production zone. Along with this wealth, the state has serious economical and political problems and, in spite of this wealth, many of its people, especially the aboriginal ones, are poor and there is much social disintegration.
The problem
For many years, the Indigenous people, peasants and small producers in Chiapas have faced a frustrating inability to participate in political processes in any meaningful way to improve their state of affairs. This lack of opportunity to solve common economic and social difficulties through the mechanisms of the state, combined with the destruction of the forest, soil erosion, low productivity, out migration especially of young people, cultural deterioration and loss of ancestral knowledge and lack of leadership and motivation, constitute a highly problematic situation crying out for viable and sustainable solutions. Instead there has been interminable political negotiation and armed conflict. This is not the case everywhere. For example, according to Anderson, Dana and Dana (2005), in Canada

largely as a result of the efforts of the Indigenous people involved, over the last 25 years of the 20th century, grudgingly and in fits and starts, the policy of the federal government has shifted from contesting Indigenous claims to land, resources and some form of ‘nationhood’, to negotiation. Accompanying this shift to negotiation there has been another fundamental change. Increasingly, the national government has come to view the settlement of Indigenous claims less as a cost and more as a vehicle for improving Aboriginal socioeconomic circumstances, a view long held by the Indigenous people. Now entrepreneurship (dare we say social entrepreneurship) and business development, based on the capacity provided by settled claims, lie at the heart of both government policy and the development strategies of Indigenous people in Canada.

There is no reason why the struggles of the aboriginal people of Chiapas cannot result in a similar outcome, nor is there any guarantee that they will; but they may. And this is reason for hope.

A light at the end of the tunnel
Taking into account all these complex problems, one has to think that it takes a great solution, a creative one, and an enormous leadership effort to inspire people to act, to engage in collaborative processes to create richness. And this is what the story of the Iguana Sana tells.

The ‘Iguana Sana’, besides being a trade mark or commercial name, is used also here metaphorically. The iguana is a species at risk of extinction. Its survival depends on having a proper environment. The same is true for the aboriginal people in Chiapas. And those in the story that follows are struggling to create the environment they need to survive. In 1991, a civil association was formed to serve the Indigenous communities in Chiapas. Its purpose is to find the way to achieve economic and social progress with an ecological perspective. This association is called CASFA, the Centro de Agroecología San Francisco de Asís, which in English means ‘Agroecological centre “San Francisco de Asis”’. The motto of this plural and open not-for-profit organization is ‘Community development with deep roots’.

Since formation, this agroecological centre has been promoting the participation of more than 1500 families in about 30 organizations of small-scale landholders within CASFA and linked them with organic product markets through the ‘Maya Organic Organizations Net’. Some of these organizations are located in very well-known districts, Ocosingo, Chilon and the Tacana region, for instance. The main office is in the city of Tapachula, the economic and political hub of southern Chiapas State.
The Maya network encourages all its members to respect quality policies in the whole productive chain, from the field through subsequent processes until the products reach the final consumer. These policies are extended beyond the technical ones essential to organic certification to include social and ecological concepts such as the following:

- better quality of family life,
- integration of women in organized labour,
- soil properties preservation,
- protection of biodiversity,
- strict avoidance of chemical usage,
- better commercialization conditions,
- crop diversification and good practices in animal utilization,
- family participation,
- preservation of the equilibrium between soil nutrients and hydrologic sources usage,
- contributing to oxygen production and capturing carbon,
- contributing to maintaining vivid and active cultural ties and Indigenous traditions,
- quality certification by external entities, to guarantee organic processing and production allowing for sales on the best possible terms.

CASFA organizational description
CASFA identifies its mission as being to reduce poverty, hunger and misery amongst the Indigenous peasants and farmers while avoiding soil erosion and nurturing organizational and productive processes. Its objectives are (a) to improve self-sufficiency, (b) to preserve sustainable ecosystems by rational usage and protection, (c) to improve production methods, and (d) to apply the most suitable marketing and industrialization practices for community-produced goods.

CASFA is organized as a cooperative. It has producer associates who are Indigenous small proprietors or peasants and agricultural producers in general who agree to participate in a common improvement effort. There is a staff unit responsible for performing administrative functions such as credit, controlling and accounting. Another responsibility of this unit is to establish and maintain suitable channels of marketing and financing, and to achieve strategic alliances to improve the organizational results.

There is remarkable participation in the leadership of the entire project, starting with the initial promotion and continued maintenance of a good spirit of collaboration and trust in a common enterprise, a very difficult task considering historical social conditions of mistrusting and procrastination over solutions. This leadership endeavour takes a good deal of moral authority, regrettfully a rather scarce quality in the political arena. An organizational chart would show the first hierarchical level to be the Associates Assembly, the second one the board of directors and the third one, functional areas such as training, accounting and credit.

‘Organized common labour’ is the methodological approach used by CASFA to develop as it strives for human development and promotion of self-esteem in the Indigenous and peasant communities. Actions are directed to dignify the people and to generate positive change attitudes with conscious participation. As a guide to actions, there are ten principles:
1. Freedom to participate, in a conscious and engaged manner.
2. Collective decisions with tolerance.
3. Permanent study and discussion.
4. Cooperation amongst groups.
5. To serve the community, not for business.
6. The benefits are for the community.
7. Work with nature, inspired by the wisdom of Francisco de Asís and the ancient Maya tradition.
8. Respect for the people’s culture.

The ‘Organized common labour’ method promotes the development of responsible people who collaborate in each working area with a service philosophy in the performance of collective actions.

CASFA produces and markets the following products: coffee, honey, cacao, coconut, horticulture goods, banana and mango. They are marketed under three brand names: Maya Magic, Iguana Sana and Takna. They also sell their products to the industry as organic raw materials inputs for diverse processes and products. In the international markets they are working to introduce their products in the United States and Europe through Spain, especially in the organic sector where certification is a condition for being considered a reliable healthy product. CASFA and associates adhere to the code of the English International Federation for Alternative Commerce (IFAT). There are 580 producer members from 65 communities, who produced 16,356 sacks of coffee in the 2003–04 cycle.

CASFA organization headquarters are in the city of Tapachula, where they established their communications centre, attend to the affairs of their associates and run a local store. They use modern computer facilities to register and control their transactions and maintain contact electronically and telephonically with their foreign national and international customers and stakeholders. CASFA provides its members with training programmes, organizing technology, develops and operates marketing channels, provides access to credit, gives technical advice on production and ecological procedures, and represents members internationally.

What do the people say?
Ervin Gonzalez, a member of the community of Juárez-Chimalé, says the following about the CASFA Organization ‘it is good, we are improving, we are working well and my father and mother are working also in this organization, in my home town, Chimalapa’. Ervin’s family is producing organic coffee in a branch of this organization called the ‘knan choch’ (mother earth, in the Maya language). Ervin is a 20-year-old employee of the store ‘La iguana sana’, the commercialization branch of CASFA, where he applies the computer knowledge he got in his high school studies.

Xochitl Yock, who works in the CASFA accounting section, says CASFA helps the associates to produce coffee with a little more value in the international market, by avoiding chemicals and improving processes in order to get international certification. ‘There are zones like Siltepec, producing organic coffee, but there are some others near the coast that use chemicals at least partly, and we are working there to change the process, to restore the
natural state of the land and create better value for farmers. CASFA could improve in the credit area by looking for financial organizations prepared to participate in this project. This year, for instance, we are going to be able to offer credits to the associates with the financial support of the Inter-American Development Bank. CASFA has been playing an effective role in our region, helping the producers to get a little more money from their product and to maintain unity among them; after all, unity brings strength.’

Jorge Aguilar, the builder and main promoter of the entire CASFA project, does not talk much about himself. He is a self-starter, entrepreneurially oriented, engaged with the social struggle for the economic rights of the Indigenous people and the preservation of the ecological system in Chiapas. He learned, from a very young age, about coffee growing from his father. Later he worked at the Mexican Coffee Institute. He received a formal education at a religious institution and his professional career has allowed him to gain experience and gather the knowledge he is applying in the CASFA project. He is an outstanding leader, excellent at motivating the people of marginal communities in the pursuit of sustainable ecological enterprises.

Paulino Morales is the leader of the ‘Mam Integral Development Organization’, affiliated to CASFA and operating in the Tacana region. Mam is an Indigenous ethnic group, part of the Maya culture, which owns its land in a common property system called ‘Ejido’. Paulino said they have joined CASFA because this organization is in the forefront of the fight for better opportunities. He says CASFA is coaching them to produce in a better way and represents them in negotiations to sell their products. ‘All the members of my Ejido’, says Paulino, ‘are Indigenous people; all of us speak in Mam language, almost everybody knows how to read, we have an elementary school, and thanks to God, we also have an unpaved road, because the government doesn’t hear us; well, now Pablo Salazar (the current Chiapas governor) is more or less hearing us, but anyway my Ejido is about ten kilometres from the paved road. We are forming a 280 people labour organization dedicated to horticulture. I am the president and there is a treasurer and four delegates, who are in charge of arranging meetings, deciding when we are going to work in the compost and when we are going to sow.’

‘We live in a high (geographically) region with a low income level, but the bad thing is that, when the wind blows in this high land, everything is blown away. We are struggling to improve our lives and we are pledged to achieve this goal by growing horticultural products; thanks to God, my people is cultivating potato, carrot, radish and chayote, that are selling in the tianguis [local market] and that is why the people that some time ago didn’t have any money, now have a few pennies to support their families.’

Gabino Villarreal was born in ‘Ejido de la Victoria’, founded by his grandfathers in the Mazatan municipal region. He is a coco, banana and cacao producer and is now leading the Chiapas Coco Producers’ Organization, affiliated to CASFA, an enterprise, says Gabino, devoted to organic production, which has done a good job opening European markets for Chiapas products. ‘As associates of CASFA we are getting good benefits, learning how to sow organic crops and rescuing traditional ecological knowledge. An opportunity to grow for this organization is to find more and better financial conditions to accomplish successful commercialization of our products.’

A last reflection
Mexico, the beloved home of more than one hundred million of human beings, is a country built by extreme severe experiences, civil wars, cruel episodes of conquest, military invasions
and the loss of territory. It is still proud of its aboriginal people and can overcome conflicts and find in its diversity the strength to face its destiny.

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Introduction
Off of the Caribbean coast of Panama, lies the Mulatas Archipelago, locally known as the Archipiélago de las Mulatas, and popularly referred to as the San Blas Islands (see Figure 33.1).

The Indigenous people here call themselves the Tule; slowly moving away from the term ‘San Blas Indians’, outsiders now refer to them as Kuna, which is actually the name of their native language. The Kuna are one of the last two Indigenous peoples of the Caribbean region to have successfully resisted assimilation; the others are the Carib, on the island of Dominica. As observed by Billard, ‘Since the Spanish conquest, the Cuna Indians have clung to isolation’ (1970, p. 433). Breslin and Chapin confirmed, ‘The Kuna are one of the few groups native to the Americas to survive intact the impact of whites’ (1984b, p. 41).

Feeney reported her observations thus: ‘They are satisfied that they are a superior race; they call themselves a “golden people” and feel that their mode of existence is far superior to the modes adopted by vain and foolish strangers’ (1941, p. 202). Cobb explained, ‘Relative isolation on the islands and a strong internal cohesiveness have protected the Cunas’ (1986, p. 479).2 To this day, these people have kept their beliefs and traditions. The length of one’s nose is a standard of beauty, and is therefore accentuated (see Figure 33.2). Nose rings are common (see Figure 33.3).

Historical overview
Panama links North America to the west, South America to the east, the Pacific Ocean to the south and the Caribbean Sea, leading to the Atlantic Ocean to the north. This

Figure 33.1 Palms (photo by Léo-Paul Dana © 2005)
unique geographical location of Panama, at the crossroads of two continents and two oceans (see Figure 33.4), has granted it a privileged position for commerce.

Since their arrival in 1501, the Spanish began trading with the 60 Indigenous groups in the area. Throughout the colonial era, commercial outposts were based in Panama, and famous fairs were hosted here. In 1815, Simon Bolivar led Panama to independence from Spain; Panama was a part of the Republic of Greater Colombia, and small business continued to flourish under Colombian rule.

During the California Gold Rush, crossing the Isthmus of Panama was the preferred route for many travellers going from the east coast of the United States to California. Even before the railroad was completed, travellers were willing to pay to walk on the unfinished tracks. Meanwhile thousands of foreigners came to Panama to seek business opportunities. Many Chinese obtained jobs building the railroad; by the time it was completed in 1855, 25 000 men had died working on it.
Figure 33.3  Wearing a nose ring (photo by Léo-Paul Dana © 2005)
Following the success which Count Ferdinand de Lesseps had constructing the Suez Canal, he attempted a canal across Panama. Despite malaria and yellow fever, this attracted more work-oriented people from China to work on the canal, but the French company under de Lesseps ended in bankruptcy in 1889. Most of the immigrants then relied on self-employment for their income (Dana, 1995).

Given the collapse of the trans-Panama canal project in 1889, the United States approved the digging of a canal through Nicaragua. Shortly before construction was to commence, a senator came across a postage stamp from Nicaragua illustrating the Momotombo Volcano. The caption read: ‘Owing to this eruption, great damage was suffered.’ Immediately plans were shifted towards a second attempt at a canal across the Isthmus of Panama. This time, the government of Colombia did not approve. On 3 November 1903, Panama seceded from Colombia, the canal was approved and, in 1904, the United States purchased the French canal company’s properties for $40 million. It would take $387 million to complete the canal, opened to traffic in 1914.

Although Panama unsuccessfully attempted to annex their territory in 1925, the Kuna were never conquered and colonisation and immigration never had the same impact on them as it did on other peoples. From a societal perspective, the Kuna kept their people relatively homogeneous. Feeney noted, ‘These people have retained a purity of race that is remarkable’ (1941, p. 197). She explained, ‘Several children, half negro, half San Blas, also were killed and their mothers with them, in keeping with the old San Blas law and tradition that there must be no half-breeds’ (ibid.).

While World War II raged in Europe, Feeney focused on the Mulatas Archipelago: ‘Coconuts serve as cash . . . where tribesmen cling to their ancient ways and discourage visitors . . . The old adage, “Money doesn’t grow on trees”, may hold true in most localities, but on the islands off Panama’s San Blas coast money does grow on trees. The only gold or silver that goes into its making is the gold of the tropical sunshine and the silver of moonlight, for this cash is in the form of coconuts’ (ibid., p. 193). The greenback has since replaced coconuts.

As a result of the Torrijos–Carter Treaties, the United States government agreed to relinquish control of the canal which it had built in Panama. On 31 December 1999, the
Panama Canal Commission gave up the canal to Panama. Nevertheless American influence has had a permanent impact on Panama. A strong US military presence in Panama (including Howard Air Force Base), has traditionally meant a large infusion of cash and American culture into the local economy. Even Kuna, as far away as the San Blas islands, have obtained jobs working directly or indirectly for Americans.

**Kuna values and Indigenous entrepreneurship**

The Kuna are scattered across 50 communities. They are the only inhabitants of the more than 300 San Blas Islands. The Kuna communally own a 125-mile stretch of jungle along the coast of Panama. While land is owned communally, the trees are owned individually, and their crop is valuable; the Kuna sell a million coconuts a month to Colombia, a country with which they have free trade. They purchase their fuel (and also their rice, sugar and Nescafé) in Colombia, duty-free at a fraction of the price it would cost in Panama.

Several researchers have noted gender-specific occupations among the Kuna. Feeney wrote, ‘The San Blas women are much more enterprising in trading than the men because the women own virtually everything . . . A man cannot trade or sell anything without first seeking permission of his wife’ (1941, p. 194). Marden (1941) emphasised that women were doing the buying and selling at the time.

The Kuna operate a sub-economy of small enterprises, with no interference from the Panamanian government. As described by Swain, ‘Subsistence activities, migrant wage labor, and the commercialization of fishing, coconut trading, and textile production of (molas) provide Kuna sustenance. The local cash economy, including tourism services, continues to develop’ (1989, p. 85). Unless special permission is obtained from the Congresso General, it is prohibited for non-Indigenous people to operate businesses (even hotels and restaurants) on the San Blas Islands. Since 1982, only Kuna may control tourism business.

In 1965, the San Blas Cooperative of Mola Producers was formed. Owned and operated only by women, this was the cooperative to bring together many Kuna communities. In 1974, with 390 members, the cooperative was officially recognized by the government of Panama. By 1984, the cooperative included 1500 members from 17 communities (Swain, 1989).

Today, the prominent Kuna entrepreneurs who sell coconuts to Colombian traders are women. Kuna women also make molas, which are finely detailed panels of intricate needlepoint, a major source of income. These are sometimes sold by Kuna middlemen, to non-Kuna.

Contrary to erroneous accounts, this is not a matriarchal society. Each village is governed by a congress that consists only of males; the leadership of each village is decided by consensus. Men practise subsistence farming and fishing; Cobb noted that ‘Cuna medicine men gather curing herbs from the forest’ (1986, p. 479). Women, meanwhile, do the laundry. The division of labour thus reflects interdependence.

Swain noted, ‘Modernization and a mixed cash and subsistence economy in San Blas have a number of effects . . . Urban employment . . . is available for Kuna with education . . . For the majority of Kuna men, temporary labor migration is the usual source of cash’ (1989, p. 92).

Within a community one finds minimal differences among household assets, minimal variation in material circumstance. In other contexts, this might be explained in terms of poverty; here it appears to be a function of a strong egalitarian ethic.
Toward the future

Feeney wrote, ‘Worldliness is discouraged by San Blas religion. The less owned in this world, the islanders believe, the more there will be for them in the next . . . food is taken only in quantities sufficient to sustain life’ (1941, p. 208).

More recently, Breslin and Chapin wrote, ‘No non-Kuna can own land within the reservation. But although the Kuna are in many ways insular, they are by no means strangers to the modern world . . . The Kuna are far and away the most highly educated tribe in Panama . . . At the same time, the Kuna have not so embraced foreign ways that they have lost sight of their roots. They run their own affairs according to time-honored custom, resolving disputes and making decisions . . . They have an instinctive ability to search through the warehouse of Western culture, pick out those ideas and techniques they consider useful, and then adapt them to their traditional structures’ (1984b, p. 41). Breslin and Chapin quoted an oral statement of Rafael Harris, a Kuna leader, ‘we can take what we need without having to destroy everything, as your people do’ (1984a, p. 32).
While modern life (see Figure 33.5) has penetrated their region, the Kuna strive to maintain their pre-Columbian cultural values and independence. The province of Kuna Yala is only nominally part of Panama. As noted by Breslin and Chapin, ‘The Kuna have maintained their ethnic and political autonomy through their highly developed sense of organization, which pervades all aspects of community life. Kuna island villages are as tightly knit socially as they are physically’ (ibid., p. 29).

Cobb described the Kuna as ‘Staunch custodians of a pristine mainland rain forest and their own cultural identity’. He added, ‘They believe the forest harbors spirits who are dangerous when disturbed. To the Cunas, its disappearance would be disastrous’ (1986, p. 479).

The Udirbi forest park, dedicated to scientific research, was the first of its type in the world created and operated by an Indigenous group. Indeed nature is still central to these people, and will continue to be. Albino Kuna5 are called Moon Children.

Notes
1. While ‘Cuna’ is also a correct spelling, the people themselves prefer the spelling ‘Kuna’.
2. The plural is usually the same word as the singular.
3. In contrast to the Kuna, over two-thirds of mainstream society in this country consists of Mestizos (of mixed ancestry, Indigenous and Spaniard).
4. While the currency of Panama is officially the balboa, which under a 1904 monetary agreement with the United States was pegged at par with the dollar, US notes were made legal tender in Panama.
5. Writing during the 1930s, Tinnen noted that about ‘seven out of every hundred Indians here are white’ (1940, p. 93).

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Introduction
This is the story of struggle for survival in the Andes. Ravaged by the excesses of Nature, a brutal insurgent conflict and more recently by the inroads of economic globalization, the inhabitants of the Peruvian *sierra* face the prospect of ever-increasing poverty (see Figures 34.1 and 34.2) and the withering away of their villages and cultural traditions (see Figure 34.3). While there are no permanent solutions, purely local initiatives centring on community-organized and operated enterprises have produced some creative approaches. These may offer alternatives and hope to other communities.

The thread of history
The mountains of the Peruvian Andes, incredibly lush where the eastern slopes fall to the basin of the Amazon system and brutally arid as they rise in the west from the coastal...
Figure 34.2  Will the future get better? (photo by Léo-Paul Dana © 2005)
desert, are home to people of pure or almost pure indigenous stock (see Figure 34.4). These are the Quechua, descendants of the vast empire of the Incas (see Figure 34.5). Centuries of outside influence following the Spanish conquest in the sixteenth century failed to change the isolation, and the people continued to live in their villages, maintaining their

Figure 34.3 Faithful to traditions (photo by Léo-Paul Dana © 2005)
languages and following their customs and rituals, adapting these over time as necessity dictated. Features preserved from ancient roots to this day are the sense of community and the instinctive response to draw together in times of crisis.

The official history of Peru is largely that of the white and mestizo population, grouped mainly in the major centres. The indigenous for their part remained in the countryside. In
more recent decades, the increasing need for cash-money led to large-scale out-migration to the cities on the part of the male population searching for jobs. Other factors such as government development policies and the ‘Green Revolution’ had the same effect. In the 1980s, some government programmes were introduced aimed at assisting the Serranos (people from the sierra). However ground gained in this respect was largely lost in the 1990s under social and economic reform programmes (Peredo, 1995).

Compounding the problems was the extraordinarily vicious insurgency of the Sendero Luminoso (Shining Path), which raged through much of the country in the 1980s and early 1990s. Fed by desperation bred of poverty and the blatant discrimination practised against the indigenous, Sendero was able to mobilize sufficient numbers of adherents to create fear on a national scale and dominance in substantial portions of the sierra and the Amazon basin in the eastern part of the country. Most villagers were caught between a rock and a hard place. Tens of thousands fell victim either to the depredations of Sendero or to the retaliatory vengeance of the state. The net result, following the end of the conflict, was a legacy of pain, mistrust and an economy in even more dire straits than it had been previously.

**Out of the ashes**

In the period since the capture of Sendero’s leaders in 1995 and the gutting of the insurgent movement, the government has intensified efforts aimed at accelerating growth and opening up markets. Empirical evidence unfortunately suggests that, despite these efforts,
the macroeconomic shocks of the past two decades have resulted in substantial increases in inequality and poverty, especially in areas populated by the indigenous (World Bank, 1994; Plant, 1998; IDB, 1999). Agriculture, the traditional core of Andean village life, is in even worse straits than it was 20 years ago. The real value of village produce has shifted in favour of urban consumers. Such small items as the villagers have been able to sell in the towns (blankets, shawls and so on) are being similarly displaced by imports.

The net effect is that the indigenous peasant continues to be caught on the horns of a dilemma. Peasants can choose to remain on the land and eke out a subsistence-level existence in an environment where social services are or have become largely non-existent; or they can migrate to the endless sprawl of miserable shantytowns that surround most cities and towns, where crime is rife and unemployment is staggering, but where some possibilities for income generation exist, primarily in the prolific informal sector.

My research thus led me to explore whatever glimmers of light I could detect in the pervasive gloom, in an attempt to define an alternative model. For this purpose, I spent several months in the Andes, living in villages and analysing the fundamentals in terms of the potential for building sustainable communities. The targets of my research eventually narrowed down to three examples of community-based enterprise and, on the basis of these investigations, I was able to identify a number of characteristics and conditions under which a sustainable existence might be maintained.

Cooperatives or community-based enterprises? The Salinas example

My first extended stay, after reconnoitering the length and breadth of the northern Andes, was in the village of Salinas. Although located in Ecuador, ethnic composition and conditions were very similar to those in Peru. Salinas is located at the end of 60 kilometres of bad road, accessible only when the weather is dry. What attracted me were reports of a vibrant cooperative movement and indeed, thanks to a young boy who insisted on giving me a tour right after my arrival, I quickly understood the reason for the enthusiastic recommendations to visit. In this community were to be found cooperatives producing cheese, handicrafts, textiles and furniture, as well as other enterprises processing mushrooms, exploiting forestry and providing savings and loan facilities.

Before the 1970s, the region of Salinas was controlled by two big landowners, the Cordovez family and the Church. Most of the people were tenant farmers, and paid as rent some 20–50 per cent of everything they produced. While the peasants depended mainly on the land, they had some access to salt produced by mines in the area and were able to barter this in order to obtain other products. Life was difficult. There was minimal education and no health services. Many young people migrated to the cities, or to work on banana plantations.

People’s attitudes began changing in the late 1960s. With the help of progressive members of the Church, the villagers convinced the government to transfer authority to exploit the salt mines from the Cordovez family to a peasant cooperative. This activity in turn led to the establishment of a savings cooperative.

The old order changes

Three events had a decisive impact on the community. One was the passing of the Agrarian Reform Law changing the status of tenant farmers, the establishment by a new bishop of a fund to help the marginalized, and the arrival of a visionary activist priest,
Padre Antonio. Land in the entire valley was purchased by peasant organizations, some of it allocated for individual use and other sections for communal use.

The heartbeat of the new approach was, and still is, Padre Antonio’s Salesiana Mission, an experimental centre or incubator where ideas for new products and new enterprises are tested and then passed on to the Federation of Village Organizations (FUNORSAL) for possible implementation. Many young people are employed in the centre, working with computers, discussing new projects and drawing up plans.

A major early initiative was the creation, in cooperation with the government and the Swiss Cooperation Agency, of a milk, cheese and butter production cooperative. Today Salinas serves as the primary cheese production centre for the region, and a centre to which all the peasants can bring their milk. A sales office is responsible for marketing, and the cooperative has increased the range of its products to include sausages, dried mushrooms and honey. Some items are sold through large domestic chains while others are exported for sale through non-profit organizations in Europe. With changing circumstances and a globalizing economy, competition has increased sharply and pressure on the market has become intense.

I spoke with many people in the villages in the surrounding area and it was evident that Salinas is regarded as an entrepreneurial centre with an excellent track record for creating local income opportunities. It is a collection of enterprises, mainly traditional cooperatives, which have brought benefits in the form of employment and income, especially for the poorest, often single or widowed women. Opportunities have also been created for young people, such as in the design and production of ceramics. This is particularly important for its contribution to a reversal of the drain of youth away from the countryside to the major urban areas.

The Salinas cooperatives, inspired by Padre Antonio and his Mission, have created some 363 direct factory jobs, while in reality most of the town’s 5000-strong population is involved at least indirectly in related activity. Salinas has also served as a role model for other villages in the area. All of the Salinas enterprises are self-sufficient and have not received outside grants since 1993. While some of the cooperative earnings are used for social purposes, such as lunches for orphaned children, this activity is left mainly to other organizations such as the Salesiana Mission itself.

A step forward
The development of cooperatives in Salinas has been impressive. Even though poverty remains a major issue, undoubted economic benefits have accrued to the local people. However it must be noted that even today little sense of ownership seems to exist on the people’s part. The Mission and FUNORSAL are often referred to in terms suggesting they are the property of Padre Antonio. In some ways, he appears as the incarnated successor to the earlier large landowners, and young people commonly raise the question: ‘What will happen when the Padre is no longer here?’

Potential problems on the horizon are compounded by the fact that the bulk of the cooperative activity is geared to outside tastes, while products tend to be foreign to local preferences. Moreover, with increasing global competition, the markets for Salinas’s products show signs of contracting. Just as important, the extraordinary level of technological/economic development has not been accompanied in any noticeable way by increased social, cultural or political consciousness. The cooperatives, for example, take little or no interest in supplementing the precarious social services provided by the state.
Without underestimating the positive aspects of the Salinas model, one possible conclusion is that the cooperatives, having failed to empower the community as an entity, or generate social capital and self-management organizational capacity, have not definitively succeeded in laying the groundwork for sustainable community-based enterprises, this in spite of the fact that the cooperative movement evidently has provided economic opportunities for the majority of the families. Similarly it is possible that the cooperatives with time will transform themselves into elite-managed enterprises, seeking their survival through market expansion and/or the protection of external donors.

Chaquicocha: the farmer’s market

Chaquicocha is a small, relatively poor community in the Peruvian Andes, with few resources other than agriculture, and serious environmental limitations. Yet the village has distinguished itself by using traditional knowledge and practices, combined with entrepreneurial initiative, to achieve a minimum standard of food security for all, access to income, even if low, and a basic level of education and health services.

At 3 a.m. every Friday morning, large trucks from the nearby towns of Chupaca, Huancayo, and even from the capital, Lima, begin arriving in the plaza with their wares. Meanwhile, the village women are preparing local dishes and setting up stalls to sell cheese, meat and eggs. By 7 a.m., the plaza has been totally transformed into a colourful market, with barbershops, beer gardens, food tables, natural herb kiosks and enclosures for sheep and cows. The entire population is present, as well as large numbers of shoppers and small-scale sellers from the surrounding area.

The Fair in its origins was the brainchild of the entire community acting in concert to try to pull itself out of a morass of serious social and economic problems in the 1960s and 1970s. In the sense that the Fair was not simply the linear successor to a previous smaller market, but rather a deliberate strategy for income generation, it was a rather remarkable entrepreneurial undertaking, tacitly involving, as it did, planning, investment and risk taking on the part of the community. Interestingly, in surveying the history of the Fair, no one single individual or small group of individuals is identified as having been the founder or driving force. Rather it arose as a grassroots initiative inspired by a communal determination to deal with the issue of the community’s survival. The Friday Fair has grown to the point where today it is known as the largest operation of its type in the region.

Pulling together

Chaquicocha’s recent history is fairly typical. In 1949, because of population increase, the land was divided up into private plots. Attractive as this may have seemed on the surface, privatization led to serious problems of demoralization and impoverishment of the land. In 1979, the assembly decided to restore the land to community ownership. The next step was to move to a mixed system, with some land retained for common use and the rest allocated in parcels in such a way as to ensure that everyone had access to essential resources such as water. By-products of the new arrangement were better environmental control, a reduction of social polarization and a revitalization of traditions such as communal labour (ayni, minga and faenas).

This in turn led to the creation of collective enterprises such as a dairy, a sheep barn and cattle feed lots. On the communal lands, among other things the famous Peruvian
staple, potatoes, were cultivated for distribution to members and further sale. Thus the Fair was a brilliant idea and a logical outcome as the community searched for an outlet for its products and a generator for income. As noted above, it has been a quite outstanding success, considering the limited resources available to the community. In addition to providing an outlet for produce and local crafts, income is generated through fees charged to sellers from outside the community.

Central to Chaguicocha’s village activities and functioning as an enterprise is the communal assembly. Just as most of the work on communal lands is done collectively and by turns, so executive positions in the assembly are non-remunerated and regarded as an obligation. This is where new ideas are generated, finances managed and services dispensed. For example, during the period of my stay, two assemblies were convened for the purpose of reviewing progress, identifying and evaluating new possibilities. A portion of the revenues accruing to the community, that is, profit after expenses, is distributed periodically by the assembly to its members.

Is the enterprise sustainable?
Without doubt, the Fair and its supporting activities have provided a way for increasing economic income and enhancing both collective and individual entrepreneurial activities. Poverty has been diminished. Markets have been stimulated and the culture revitalized, all of which would suggest that culture and economic development can be compatible and mutually supportive – in the sense that the community has been able to mix culture, community and ethnicity, while at the same time responding to market imperatives. Moreover, as in Salinas, the Fair has created a positive platform for the emergence of individual entrepreneurial initiatives.

However Chaguicocha as an economic/social entity and entrepreneurial project is burdened by several deficiencies. For example, apart from limited agriculture land there are no other significant natural resources to which the community has access. It also creates tension between the private/communal land mix, since the more cattle there are in the communal herd, the less land there is for grazing privately owned animals.

A model for others?
Chaguicocha is a useful model for other communities. They have managed to overcome the constraints imposed by a long history of colonization that pushed them onto the infertile parcels. The community enterprise has undeniably improved the lot of the members. Its success in this regard may appeal to other communities labouring under the same conditions. The medium-term future of Chaguicocha is less precarious than that of its regional neighbours, but fresh vision and new initiatives are needed. At the very least, the Chaguicocha model has demonstrated the way in which synergy, deriving from culture, tradition and community, can be harnessed in the service of the community.

Llocollapampa: a big step forward
When I was in Huancayo in the central Peruvian Andes, I was strongly advised by peasants at a rural fair to pay a visit to Llocollapampa where, I was told, surprising things had been happening. This is how I came, at the end of a ride of several dusty hours in the back of an open truck, to find myself on paved roads in a well-kept, flower-fringed plaza, watching a truck deliver low-cost milk to the locals. The town captured my interest and I
stayed for three months, researching the conditions that had generated an uncommon vibrancy and communal energy. The most immediate target of interest from my perspective was the series of community-based enterprises, which underlay Llocalllapampa’s success in dealing with social and cultural challenges.

Geography: friend or foe?
Llocalllapampa is situated on the Mantaro River at the high altitude of some 3500 metres. A major benefit of its location from the point of view of access and communication is that both the central highway and the central railway run through the region, even though the latter now is used only for freight. A further boon is the mining resources, including several silicon, gypsum and marble deposits near Llocalllapampa itself, which have spurred activity. On the other hand, of the town’s land only some 20 per cent is cultivable, and even that must be classified as more- or less-productive, depending on the elevation of the various parcels. However, the non-cultivated land does lend itself well to grass and the raising of livestock.

A negative aspect, apart from the normal impediments imposed by high elevation, is that geography placed Llocalllapampa in the centre of an area encompassed by intense guerrilla activity during the Sendero insurgency. The mistrust of that period persists even today and strangers such as myself coming into the community are regarded with suspicion. However the cold reception of my early days fortunately, with time and much effort, transformed itself into the incredibly warm hospitality for which serranos are noted, and I found myself with remarkable access to the grassroots, to town leaders, executive sessions, assemblies, enterprises and records.

Culture and community are the glue
It is not clear how long humans have inhabited the Llocalllapampa region, but records, tradition and archaeological sites show that settlement goes back well over a millennium. Llocalllapamino are fiercely proud of their lineage down through the Inca and colonial empires, and of the heritage of independence and rebellion against authority. The Spanish were unloved during colonial times and the tension continues today, fed by the discriminatory attitudes and practices towards the indigenous by the colonizers’ mestizo successors. Special attention in the town is paid to keeping alive and transmitting traditions and values to the young. The combination of the above has played a distinctive role in the determined attempt of Llocalllapamino to resist moral and material disintegration, and to find economic alternatives.

Community kinship is incredibly strong. Even those who migrated to the cities continue working together in organizations such as the Llocalllapampa Residents’ Committee, the Children of Llocalllapampa and the Llocalllapamino University Students’ Association. The idea of doing something for the tierra where one was born and of lobbying government and other agencies on behalf of the community is a highly prized social value. Within the town itself, this same value is reflected in the notion of faena (communal nonsalaried work), which extends to service on various committees, participation in assemblies and so on.

Thus today’s Llocalllapamino is a mixture of courage, persistence, tradition, culture and determination. This has contributed to a sense of autonomy and pride. Perhaps most striking is the priority attached to communal solidarity, democratic administration and
control, and equity of rights and obligations. These take precedence over the achieving of material superiority over one’s neighbours. What principally distinguishes today’s Llocllapampinos, also known as commoners, from other peasants in the region is that each of them is a shareholder in the community enterprise that has evolved. Each has the right to vote, but in turn must participate in and comply with the rules laid down by the Assembly.

Getting from there to here

Today’s Self-Managed Community Enterprise (SMCE) is the product of a lengthy evolutionary process. As far back as the early 1920s, the community leased local hot springs to an outside entrepreneur for tourism purposes. The next several decades saw various attempts, some with government support, to establish cooperatives, mainly in the agricultural sector. While the cooperatives brought benefits in the form of management and organizational training for local people, they also proved to be divisive. The problems became serious enough for, eventually, the cooperative approach to be perceived by the community as not corresponding to its needs and realities. As a consequence of a long series of discussions and broad consultations, in 1975 the entire elected executive of the government-sponsored agricultural cooperative, Tupac Amaru, resigned. Subsequently, in the same year, a resolution of the communal assembly proclaimed the establishment of the SMCE. This was the genesis of Llocllapampa’s community enterprise movement that continues to this day.

Where does the community stop and the enterprise begin?

Legally, as set out in the charter of 1975, the community and the enterprise are one and the same. The same body which governs the enterprise also serves as municipal council. The fundamental intention of the charter’s authors was that the enterprise should use all available resources for the common good. In this sense, the SMCE was intended to act as a sort of holding company, responsible for the whole range of economic activities. At the same time, however, the new organization was seen as comprehensive in scope and was accorded the responsibility of communal, including sociocultural, development. The charter today is essentially unchanged.

Is it governable?

The first question an outsider such as myself, coming on the scene, is bound to ask, is how can such a cumbersome structure function effectively? Perhaps the best answer is that it apparently works, and has worked for over a quarter-century. A snapshot of the system of governance is best captured in an organigram (Figure 34.6).

The General Assembly, of which all commoners are members, is the ultimate authority in the community and enterprise. Meetings usually take place every month, but must be held at least three times a year. Attendance is obligatory and, in a manner reminiscent of early democratic forms, each commoner has an equal voice. For the enterprise, it is rather like having a Board on which every consumer of the product or services sits. In an interesting twist, the Chair of each Assembly is only elected at the beginning of the meeting itself. The purpose of this is to ensure impartiality.

The Executive Body consists of six members, elected by the Assembly for a two-year term. Its responsibilities are overall management of the enterprise, administration and the
implementation of economic, financial and social policy. Members can be recalled, and this does occasionally happen. Balancing the executive power is the Control Council or Auditor’s Office. Similarly elected, the Council serves a watchdog function over financial dealings and also monitors commoner complaints. The Council can summon the Assembly and I personally observed a session at which the Council head accused the Executive President of malpractice in hiring personnel. This provided a useful opportunity to witness the pressures and dilemmas occasionally facing the community, as well as the mechanisms for their resolution.

Elections to office are held every two years and are taken very seriously. They are supervised by a separate and impartial electoral council. Public debates are organized and the record of the candidates, including attendance at assemblies and participation in faena (voluntary work), carefully scrutinized. The rules carefully establish who may run for office, in such a way as to preclude conflict of interest. It was impressive to note how the community, in spite of lengthy periods of living under authoritarian government and guerrilla insurgency, had managed to preserve this form of relatively pure democracy.

Figure 34.6 The system of governance
**Jobs and money**

The Llocallapampa community’s quest has always been for a system that works in such a way as to provide, in the last analysis, optimum social and economic benefits. In this sense, it is to the community’s credit that it has never over the past century rested on its laurels or been satisfied with the status quo, but rather has continually sought innovative forms of organization. This is rather remarkable when one considers, as noted above, the cumbersome form of governance, with all commoners having a say in policy and operations.

Several departments make up the industrial/productive side of the SMCE. These include such things as a water-bottling works, a hot springs spa, transportation, agriculture, mining, marble and a silicon plant in Lima. Each unit has a manager who reports to the executive and through it to the Assembly.

Of all the departments, **mining** is the most important for the community’s overall economic health. As a major source of jobs, it attracts the lion’s share of investment, and it is also the major source of financial support for other economic and social activities in the community. The unit’s evolution has followed the general pattern. In 1947, the silicon deposits were leased to a private company. In 1970, the deposits were recuperated and then exploited by a communal cooperative. This continued for the next five years until the mining activity was integrated into the operations of the SMCE. Of course, the whole period was one of considerable turbulence, difficulty and struggle. Today the production, marketing and industrial use of silicon are topics of ongoing lively discussion. For example, current debate centres on the mining department’s need to adapt to changing market pressures and the proposal to form a joint marketing company in partnership with a private sector firm.

Llocallapampa’s **Agriculture** Department has the dual objective of guaranteeing food security for all, while at the same time producing modest quantities of items for export or direct sale. The Department has attracted ongoing subsidies from the mining unit, although good progress has been made towards reducing or eliminating these. Its principal activities range from crop growing and livestock to dairy production and the breeding of alpacas.

The strategy for agricultural management involves both the designation of communal lands and the allocation of private plots to the commoners, as well as reliance on the community tradition of faena. Faena is brought into play whenever there is any agricultural work requiring intensive labour. Of the cultivable land only 15 per cent is communal, but this tends to be in the valleys and the most productive. Here the Department has used communal investment to purchase tractors, install irrigation systems and hire professional managers. Such initiatives have enabled the enterprise to become a leader in potato production and to win prestigious awards. Main products of the Department are potatoes, meat, wool, milk and cheese. Again the benefits of communal management and control are reflected in the ability to determine how to use resources most rationally and effectively. First call on the produce is local consumption, some of it, such as milk, at subsidized rates. The rest is sold, as appropriate, on local, provincial and national markets.

Other departments, such as the **Industrial** Department are devoted to bottling the area’s natural medicinal water for local and export sales, while **tourism** is exploring ways to exploit the potential of the hot springs and medicinal water in the construction of a modern spa. The area is also full of archaeological ruins. Competition, both local and multinational (Pepsi and Coca Cola in the case of the bottling works for example), is
spurring both departments to use entrepreneurial initiative and to seek innovative ways to move ahead.

*The proof is in the pudding*

What does Llocllapampa have that others do not? Unlike most other peasants in the Peruvian Andes, Llocllapampinos have access not only to paid jobs in their own community, but also to social services initiated, funded and maintained mainly by their own enterprise. Children and young people receive elementary and post-secondary schooling, and are eligible for post-secondary scholarships. Health services include a health centre, community pharmacy, day-care for children, subsidized milk delivery and access to a dining centre. Ancillary units are responsible for electricity, potable water, radio, a parabolic antenna and a system of public security. Remarkable outcomes of the community’s social services include the disproportionately high number of young people studying business administration at the regional university, the fact that many community professionals are home-grown (teachers, two sociologists, three lawyers and so on), universal access to basic food and drugs, and the construction by the enterprise of a sewage system in a region where this is neither easy nor common.

*But what about the environment?*

Environmental management does in fact play a significant role, although most commoners do not see it as such. This is because many measures to protect the environment derive from traditional practices (such as rotation of crops and livestock) handed down from ancestral times. For example, leaving land to lie fallow from time to time is second nature. As one peasant told me, ‘This is just how we do things.’ National and international assistance is also accessed, where available, to aid in reforestation and deal with the after-effects of contamination from mining activities.

This is not to say that the situation in environmental terms is ideal. Far from it. Poor mining and agricultural practices have had a distinctly negative impact. Native flora and fauna have disappeared. Not surprisingly, the community has had to deal on an ongoing basis with internal conflict over pressures to create more jobs by expanding mining, on the one hand, over against other pressures to diminish environmental impact, on the other.

*No bed of roses*

Any impression that all is smooth sailing in Llocllapampa would be quite erroneous. Tension, much of it healthy, is always present, generated by different interests and conflicting ideas for the future. For example, some members want to maintain the enterprise as common patrimony, while others argue in favour of providing private sector access, for example to mining, or at least of promoting the emergence of private initiatives within the community. Management and leadership are other issues. Those young people coming out of university business schools see the present organizational structure as anachronism and obstacle, if the LLSMCE is to survive. They would like to see a ‘professionalization’ of the various units, in order to deal with the growing complexities of the management challenge. The simple folk, on the other hand, are fearful of losing the vision of the ‘common good’ and argue that what makes Llocllapampa distinctive and successful is precisely the preservation of a firm hold on management by the peasants themselves.
Still other pressures have been created by governmental and IMF adjustment programme provisions, which have eliminated access to funding and imposed harsh taxation measures, and by the effects of economic globalization on Llocllapampa’s ability to survive in the competitive market.

At the end of the day
When all is said and done, the salient reality is that Llocllapampa stands out within the region as an example of what can be done through collective innovation, synergy and social learning. Social, cultural and environmental goals have been integrated in the common interest. The community has been successful to date because its members have been able to combine and adapt ancestral social practices and values to the creation of business. It has demonstrated that local culture can be a key factor in achieving success. The LLSMCE also demonstrates the need for government to devote greater effort towards tailoring policy to accommodate the needs and development interests of communities such as Llocllapampa.

But what of globalization? Can Llocllapampa survive?
The Llocllapampas, Salinas and Chaquicochas of this world might survive comfortably if they lived in isolation. That, however, is not the case and increasingly they are being subjected to the pressures of encroaching alien cultures and economies. Corporate economic globalization is an international system that affects politically, economically and environmentally every country. The process of globalization is not new for Andean communities, but the scale is. Competitive markets for mining, handicrafts, bottled water, dairy products and so on are changing and the CBEs are being forced to consider and adjust. Corporate globalization has also brought about a fundamental change in the role of government, putting an end to support systems on which small communities in economically poor areas depend.

Proponents of globalization see the process as providing enhanced opportunities for development. It is argued that every customer in the world will benefit from the unimpeded flow of investment and the consequent cheaper and better-quality goods (Ohmae, 1990). In contrast, critics of the process argue that the assumption of the economic globalization agenda is that what people are willing to buy is the best indicator of what they value. Therefore it is the market that allegedly presents the most effective and democratic way to define the public interest (Korten, 1995). As for the workers in poor countries, they allegedly benefit from the jobs associated with new factories and other enterprises. Governments for their part become less necessary, and their principal function becomes one of facilitating the activities of corporations (Ohmae, 1990). In promoting the benefits of globalization, no distinction is drawn between the so-called North and South, between rich countries and poor countries, or between indigenous and non-indigenous communities.

Such argumentation, as it happens, does not in fact provide much comfort to most at the lower end of the economic scale or to communities such as Llocllapampa. A fundamental and contentious issue is the allegation that, as corporations become more powerful, they tighten their control over markets and technology through strategic alliances. This then forces both subcontractors and local communities, particularly in poor areas, into lowering standards for the purpose of ensuring access to markets and jobs that the
global corporations control (Korten, 1995; Rifkin, 1996; Daly and Cobb, 1994; Khor, 1996). According to the critics, this in turn leads communities to deepen their dependence on socially and environmentally destructive technologies that can sacrifice physical, social, environmental and mental health to corporate profits. One immediate consequence is acceleration of the out-migration of the indigenous into the cities to become cheap labour or beggars. This is the case, for example, in most Andean towns and villages. As for the jobs they find there, many of these tend to be insecure and subject to loss. Local enterprises also see themselves as disadvantaged. So-called ‘free trade’ often turns out to be not so free, and on the contrary to be a ‘game’ in which the rich corporations hold most of the cards. Developed country markets often remain protected against those products that poor countries are best equipped to export. Finally the structural adjustment reforms that accompany globalization usually have the effect of removing social protection mechanisms in the name of dealing with economic deficits, while at the same time providing economic incentives to corporate players (Bello, 1996).

In the last analysis, the complaint is not so much with globalization itself. The process in one form or another is almost universally recognized to be unstoppable, to say nothing of those aspects seen by many as beneficial. Rather the hostility among the economically less privileged is generated by a globalization that lacks any sense of social conscience or obligation, and that leaves those affected with a sense of powerlessness. The desire in poor countries and poor communities such as Lloccllapampa is not so much to stop globalization as to see mechanisms established for managing the process for the common good.

Putting the pieces together
Campesinos in Salinas, Chaquicocha and Lloccllapampa are largely unaware of one another’s existence. Indeed the backdrop against which CBE emerged in each place, the way in which the communities organized themselves, and the successes and challenges of the enterprises were unique to each particular context. Nonetheless, there were a number of distinct commonalties. For example, each CBE arose out of a purely local initiative. Moreover each of these communities was marked by a high degree of cohesiveness, and in each there were social and economic needs not being met by outside organizations. Indeed in most cases the initial moving force behind community action was not economic, but rather related to the demand for basic social services. Business activity came later. The communities were mostly poor, small and isolated. Also noteworthy, as in the case of Padre Antonio in Salinas, was the importance of a strong leader in initiating activity.

The idea that community-based enterprise can serve as a strategy for overcoming poverty in the Andean and possibly other similar contexts is based on two principal premises: first, that development, if it is to be sustainable, must come from the people themselves, and second, that institutional/public policies must incorporate the diversity of cultures as well as of diverse economic, environmental and social systems. This approach is consistent with general entrepreneurship theory that holds that social networks play an important role in the formation of new ventures (Johannisson, 1996; Dubini and Aldrich, 1991; Steier, 2000) It also leans heavily on the important role played by Andean traditional forms of cooperation: aymi (reciprocal work among two families), minga (among a group of families) and faena (involving activities for the benefit of the entire community). Similarly the approach takes into account contemporary literature on sustainable development where the parameters have been broadened (Gladwin, Kenelly
Pointing the way

It would be marvellous if one were able to construct a development model adaptable to, and effective for, all cultures, circumstances and conditions. This has been attempted but unfortunately success has proved elusive. Nonetheless it may be feasible to formulate propositions that point the way to the creation of viable community enterprise, at least for poor Andean communities. They may be applicable in other settings. While I have in my research identified some 40 propositions and sub-propositions in all, for the purpose of this chapter I present here ten that capture the essence of my research.

Proposition 1: CBE is a mechanism for change and emerges as an innovative response by impoverished communities to macroeconomic, social and political factors.

Proposition 2: Communities may use CBE to combat social disintegration, increasing poverty and environmental problems.

Proposition 3: CBE reflects a community’s desire to manage its own resources and improve the quality of life.

Proposition 4: CBE arises as a means to compensate for lack of political power, and to try to improve the living conditions of the community by capitalizing on natural, cultural and social resources.

Proposition 5: The more outside organizations (governments, Church, aid agencies and so on) act as decision makers and diminish the community’s autonomy, the less likely it is that CBE will engender proprietorial involvement and broad support in the community.

Proposition 6: Conversely, when CBE is created and managed by the community itself, goals are shared and based directly on local economic, cultural, social and environmental needs.

Proposition 7: The creation, success and sustainability of CBE depends on the community’s capacity to adapt and innovate, and to combine traditional organizational and participatory skills and practices with new processes and systems capable of facing market challenges and those posed by globalization.

Proposition 8: The success, survival or failure of a CBE is directly related to the ability of the CBE to pool resources, diversify its activities away from land-based resources, and combine market and non-market activities.

Proposition 9: Successful CBE combines strong individual leadership with communal initiative and risk taking.
Proposition 10: A favourable legislative, legal and financial framework at the national and international level is important to the sustainability and survival of a CBE.

A quest for hope
The harsh reality forming the backdrop to this chapter is that the indigenous peoples of the Andes stand out as the poorest among the poor. Their lives are conditioned by common hardships such as hunger; lack of roads, potable water and health services; powerlessness; social isolation; a state riddled with corruption; and chronic insecurity. Political and social violence have dominated the recent past, and a renewed threat remains close to the surface.

In the effort to alleviate poverty, the Andean area has been the focus of attention for the activities of many international development agencies. However, despite good intentions, the approach has largely been oriented towards cultural assimilation while ignoring the strength of indigenous organizations. In recent years, critical development literature has shown that much of the approach by NGOs, international and multilateral cooperation agencies has failed (Crewe and Harrison, 1998; Sachs, 1992). In fact, this literature has argued that the real effect of many developmental activities has been to change community support systems and create real poverty (Shiva, 1989; Cornwall, 1998). Andean people have too often been viewed as ‘target beneficiaries’ rather than as actors in their own development process. Many of these projects have failed because of the lack of proprietary interest and participation on the part of the beneficiaries.

The other inescapable reality is accelerating globalization. While all three communities are affected to varying degrees by globalization’s effects, their poverty began long ago and would exist today with or without globalization. Evidently the phenomenon carries with it both downsides and opportunities. It has tended to exacerbate the already existing historical situation of structural marginalization through, for example, privatization processes that render more difficult their access to services. Secondly, as small or medium micro-enterprises, these CBEs are faced with unfair international competition, since many corporations receive benefits from their home countries in order to promote exports, to say nothing of tax incentives from the host country. At the same time, they themselves in some instances have been burdened with heavy new taxes as the result of IMF-imposed fiscal regimes, on top of their increased vulnerability to corruption and the illegitimate use of political influence.

These reflections, however, should end on the same note of hope that can be found in the three communities. As one home-grown, university-trained sociologist told me with the determination so characteristic of the Andean peasant, ‘Now we have become pioneers for communal enterprises in Peru. It is our own model. It is managed by our own commoners; and we have since its creation not been dependent on the government or any development agency. We can manage with our own resources.’ Salinas, Chaquicocha and Llocllapampa have used their social energy and their own strengths to create alternatives that have been instrumental in improving the well-being of many of their inhabitants. The people themselves are the major asset and, while the road to the future is fraught with pitfalls, they have shown with their resourcefulness and communal approach that there may be alternative paths to sustainable development.

References
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Introduction
Rees and Bell wrote, ‘Once a year Indians pitch tents, tether cattle, and hold a livestock fair . . . many have tramped vast distances beside their animals. Here, at Pucaraní, they exchange the plateau’s cows, leather, cheese, and frozen potatoes for the lowlands’ coca, fruit, and bamboo, and factories’ clothes, dyes, and gadgets. Such fairs are handed down from Inca times’ (1950, p. 480). As noted by McIntyre (1966), the legendary birthplace of the Indigenous Incas is Isla del Sol, an island in Lake Titicaca,¹ the world’s highest navigable lake.

Tschopik (1955) spent two-and-a-half years on the shores of Lake Titicaca, researching the local people. He noted, ‘Economic gain, clearly, is not the only motive for commerce’ (ibid., p. 136). Later, Penrose wrote, ‘The fact that businessmen, though interested in profits, have a variety of other ambitions as well, some of which seem to influence (or distort) their judgment about the “best” way of making money, has often been discussed primarily in connection with the controversial subject of “profit maximization” ’ (1959, p. 39).

In the attempt to improve their standard of living, Indigenous people head to the city and, as urbanisation takes place, Indigenous people are faced with lifestyle changes (see Figure 35.1). The informal sector in Bolivia absorbs a high migration from rural areas (see

Figure 35.1   Recently urbanised mother and child (photo by Léo-Paul Dana © 2005)
Figure 35.2) to urban areas. Mobility from agriculture to informal enterprise (see Figure 35.3) is not a problem. When people move, they take with them their skills (see Figure 35.4). There are, however, social barriers inhibiting the transition from the informal to the formal sector of the economy.
Figure 35.3  Embryos for sale (photo by Léo-Paul Dana © 2005)
Hart (1973) was among the first to study small business operations in the informal sector. Others to examine entrepreneurship in the informal sector include Dana (2002), De Soto (1989), Morris and Pitt (1995), Peattie (1987), Portes, Castells and Benton (1989), Rosser, Rosser and Ahmed (2000), Sanders (1987) and Tokman (1978). Informal economic activity can take the form of an impromptu stall or itinerant vending. Unrecorded cash sales circumvent taxation as well as regulation; the law is often bent, but the authorities

Figure 35.4  Spinning yarn (photo by Léo-Paul Dana © 2005)
generally tolerate the sector. A relevant discussion from Dana (1992) is presented concisely by Chamard and Christie (1996). Johnson, Kaufmann and Zoido-Lobaton (1998) elaborate on discretion in the sector. Livingstone (1991) suggested that, while the formal economy expands through the growth of individual firms, the informal sector grows through an increase in the number of players.

Stevenson (1984) suggested that firms in the informal sector eventually develop into formal enterprises. In Bolivia, in contrast, it appears that informal forms of Indigenous business do not formalise. Yet Bolivia is a land rich in resources. The silver and tin ore deposits discovered in Bolivia are among the richest in the world. As early as 1650, Potosí (with 160 000 people) was the largest city in the Americas and among the most prosperous. The paradox is that, like a beggar on a golden throne, most Indigenous Bolivians live at the limits of poverty (see Figure 35.5).

Historical overview
Prior to the Spanish invasion, today’s Bolivia belonged to the Incas, and Quechua was the common language. After nearly three centuries of Spanish rule, Bolivia declared its independence in 1825, at which time the nation was named after its liberator, a young aristocrat from Venezuela, General Simón y Ponte Bolivar. As noted by Hodgson, ‘Bolivar declared the equality of all citizens and did away with laws exploiting the country’s largely Indian population’ (1994, p. 62).

Rich in natural resources, the new country became the envy of its neighbours. Argentina eyed the rich deposits of guano and the nitrates in Bolivia’s Atacama region. This led to the War of the Pacific (1879–83), during which Bolivia lost its coastal areas to Chile. In 1903, Brazil annexed 100 000 square kilometres of Bolivia, in order to obtain its rubber. During the 1930s, Bolivia lost another 225 000 square kilometres over an oil reserve dispute with Paraguay. Nevertheless Bolivia continued to be the world’s chief source of silver (Pickles, 1933).

In 1939, trout were introduced to Lake Titicaca, with the intention that they reproduce prodigiously, thereby furnishing the region with food. Marden reported, ‘Within a few years the astonished and delighted Indians began catching giant fish of 25 pounds and more’ (1971, p. 286).

Although high copper prices stimulated the economy during World War II, by 1950 per capita income was down to $82, the lowest in South America. A nationalist revolution took place in 1952, after which women were allowed to vote. In 1953, agrarian land reform led to an exodus of capital.

Methodology
With the mandate to be inductive and contextually sensitive, methodology for this exploratory study involved ethnographic fieldwork in Bolivia, using qualitative methods, as was the case with Tschopik (1955). An emic research design, focusing on the intrinsic cultural distinctions that are meaningful to members of a given society, was deemed most appropriate, in order to understand the underlying structures of culture from within. It was helpful to observe and interview simultaneously. Major techniques used for data collection included in-depth interviews with respondents from diverse backgrounds, participant observation and validation by triangulation with key informants. As discussed by Patton (1982, 1987), social integration was a prerequisite to obtaining meaningful
responses. Interviews were conducted on freight trains and trucks as well as on buses and passenger trains, at markets, churches, government offices, farms and so on.

Constraints included poor hygiene, poor sanitation and a variety of health hazards such as apunamiento or soroche, resulting from the lack of oxygen at high altitudes. Furthermore, despite the availability of immunisations against cholera, diphtheria, hepatitis, tetanus and typhoid, malaria is common in Bolivia. Also yellow fever is endemic. It is no wonder that one in eight infants dies before reaching the age of one. Another inconvenience is the condition of the roads, most of which are gravel tracks with
potholes. Even on the Pan American Highway, it may happen for an alpaca, a donkey or cattle to stray across the motorway. Traffic is delayed not only by roadblocks but also by outlaws posing as police.

**The economic environment**

Bolivia has no restrictions on licensing and royalty arrangements, nor on technology-related transfer payments. According to the Secretariat of Industry and Commerce, there are at least 15 private national banks, four foreign banks, eight financial companies and 18 insurance companies operating in Bolivia. How does this help Indigenous people in Bolivia?

It is often argued that an adequate infrastructure facilitates entrepreneurship. Bolivia has been trying to improve its infrastructure, and the way in which this has been done is unique. While a classic privatisation programme involves selling state-owned enterprises to the highest bidder, Bolivia has instead opted for an alternative means of divesting itself of state-owned firms. Known as *El Plan de Todos*, this capitalisation model involves Bolivia offering a controlling 50 per cent holding to a strategic partner, that is, a scrutinised investor who commits himself to injecting cash into a generally inefficient, existing business. This results in infrastructure improvements independent of government expenditures.

Most major towns have a central bus station, often privately owned. To cover expenses, passengers are required to pay a user fee. Fifty small-scale coach lines operate from La Paz. A peddler boards departing buses to sell chewing gum and chocolates; another sells puffed rice and popcorn. Some passengers carry chickens.

Sheep are transported on the roofs of buses, some animals alive, others dead or in between. Linking trunk distances, a reliable airfreight network was established, using old but sturdy Curtis C-46 aircraft. According to the Association of American Chambers of Commerce, air freight service, electricity, gas and water utilities in Bolivia are among the most efficient, the most reliable and least expensive in Latin America. Yet few Indigenous people in Bolivia have a telephone; in no other country of South America is the percentage lower.

Privatisation and infrastructure improvements are not cure-alls for the largely uneducated masses, for whom rationalisation translates into unemployment. At Huanuni, which is 245 kilometres north of La Paz, 50 per cent of miners have lost their jobs. Some pan in the contaminated water, hoping to find tin. Others try their luck at informal microenterprise.

**From self-sufficient agriculture to urban self-employment**

Like the Aymarás, the Quechuas grow potatoes as part of a six-year rotation. Other important crops include cotton, nuts, quinine bark and rubber. While nuts and rubber are native to the jungle, coffee, fruits and grain flourish in the valleys. However population pressure on land is challenging the survival of viable farming communities. A bleak alternative involves migration to the slums of swelling urban areas where economic decline is the norm.

Among the beliefs of Indigenous people in Bolivia is the divinity of the coca leaf; the love goddess of the Incas was depicted holding coca leaves and, according to the legend, the sun god’s son brought the coca leaf to Lake Titicaca. McIntyre wrote, ‘In Inca days,
use of coca – a pain-killer and stimulant – was restricted mainly to the royal family. Today highlanders chew it to relieve fatigue. Little work gets done without it’ (1973, p. 764).

In addition to using coca in religious ritual, the Indigenous people of the Andean altiplano (at an elevation exceeding 12,000 feet) chew coca leaves because its alkaloid juice reduces the discomforts of altitude, cold, fatigue, hunger, pain and thirst. It is said that this narcotic also creates indifference toward anxiety and hardship. Factories package coca leaves, which are sold legally in the form of teabags. The warm drink derived therefrom is referred to as mate. The Lupi brand of coca, which is packaged by Enproalyva S.R.L., is specifically authorised by the Ministry of Public Health. Mate is also made directly from loose coca leaves, without the need for packaging these in the form of a teabag. After drinking the mate, it is common to chew the leaves.

Given that coca is also used to produce cocaine, the state offered $2000 to each peasant willing to destroy his coca plantation; many collected the money and simply replanted the lucrative crop. According to United Nations statistics, in no country of Latin America do the proceeds of illegal drugs account for a greater percentage of GDP than in Bolivia. A major problem is that this serves as a disincentive for diversification, thus endangering import-substitution and export-oriented firms. Legitimate new ventures are being pushed out of the market.

Indigenous people leave their terrace farms and their ancestral lands and seek their fortune in the cities. Instead they often find themselves at the margins of the economy. Copacabana attracts people from neighbouring villages. The villagers bring roots and other produce for sale. They carry their cargoes on their backs. Locals and restaurant owners will buy from them. Dogs watch as they pass by a market stall where the butcher is cutting meat with a saw. In the town square, a ten-year-olds sells juice. When the electricity is running, he uses an electric mixer. This micro-enterprise has a total of five glasses, which are washed in a bucket. Others sell coca leaves which miners will offer, along with alcohol and cigarettes, to Tio the devil of the underground.

Here is a typical scenario: under the light of the Southern Cross, an Indigenous woman sits down, surrounded by a cardboard box; it is 2 a.m. and this will be her store until she closes up at 7 a.m. She does not have much to sell; she may or may not make any sales tonight. What time will yesterday’s newspaper be available? The response is, inevitably, ‘Tomorrow, maybe.’

La Paz is the centre of economic activity. Nestled in a canyon surrounded by cliffs reaching an elevation of 4000 metres, La Paz literally has a ‘downtown’ which is largely commercial, and an ‘uptown’ which is a crowded, low-income residential area. The temperature uptown may easily be 5° or 6°C cooler than downtown. Downtown is a bastion of informal, subsistence-level micro-enterprise. Countless migrants from rural areas come here and join the informal economy. Many do not have fixed premises and most do not keep accounts. Illiteracy is common.

Another scenario: centrally located, at Plaza San Francisco, is a centre for informal enterprise. Women squeeze fresh oranges, selling juice. Elderly men sell telephone tokens. Others have scales on which people can weigh themselves for a nominal fee. Numerous children push their way through the crowd looking for prospective clients with shoes to shine; a shoeshine costs little for natives and considerably more for white people. At impromptu stalls, deceitful vendors display imitation sunglasses to which the name Ray Ban has been added.
On the sidewalk, along the main street of La Paz, one merchant has a stand from which she sells cosmetics. A few feet away, another sells glasses. On nearby stands are leather goods and confectionery, beyond which a book dealer displays paperbacks on the pavement, beside a man polishing shoes. Across the street one woman has photographic film baking in the sun. On the same sidewalk is one vendor selling pens and knives; another displays hats, scarves and slippers. On one street corner, pens and videocassettes are being sold next to a display of suitcases on the sidewalk. Meandering along are ambulant peddlers trying to sell ice cream. A woman sits in front of a storefront and sells cheese. Sitting at tables are typists with dusty typewriters, offering their services.

Three individuals stand side by side, trying to sell (respectively) ties, telephones and an assortment of cameras and glasses. Others sell audiocassettes, batteries, cigarettes, nuts, tangerines and napkins. As well, one street vendor sells books out of his duffel bag. An old man walks amongst the crowd trying to sell a pair of alpaca gloves, which his wife has knitted. Women are selling sweaters made from alpaca and others made from llama wool; the asking price is 11 times that of the gloves. Amidst all this activity, there is little space left for pedestrians who wish to use the sidewalk for the purpose of walking rather than shopping. Unsuspecting passers-by purchase a broken alarm clock. A stale Cadbury chocolate imported from the United States has a sticker showing a price; the reason for the sticker is to cover the ‘best before’ date which has long passed.

Along the sidewalk of Avenida Simón Bolivar are numerous booths lined up side by side. Each is a money exchange office manned by one individual. In sharp contrast to the phase of monetary instability, which occurred during the 1980s, during the 1990s the Bolivian boliviano became one of the most stable currencies on the continent. While banks trade the US dollar at official rates, queues are long; identifying an opportunity, unofficial money changers wait outside banks, and offer clients a poorer rate, but more rapid service.

Up the hill, one can buy a dehydrated llama foetus. A cousin of the camel, the llama is important to the economy. In addition to providing milk, transport (up to 40kg), wool and meat, the llama is the principal animal used in religious sacrifices.

Meanwhile, in Cochabamba, a dream of prosperity is shattered for a shoe-polisher. Not far away, children weave their way between cars to sell chewing gum to drivers. At one street corner, an Indigenous individual tries to sell watermelon, papaya and pineapples. If unsuccessful he will beg at a local restaurant where he might be given some leftover cherry juice.

With few formal employment possibilities, informal self-employment is a principal source of income for the poor who identify opportunities in arbitrage and distribution. Inventory is limited; at the Potosi night market, for instance, an old man sits on the sidewalk with a total of two chains for sale.

**Toward the future**

Exchange controls have been removed, foreign direct investment has been liberalised, and customs procedures have been simplified. Conservation International has offered to help Indigenous people to develop ecotourism projects. Yet all this has had little impact on the average person.

Pressure on the land and false dreams about urban areas have prompted Bolivians to urbanise. This involves parting with relatives and trying to adapt to unknown methods of
labour. Urbanisation gives a new meaning to time and space; migrants even experience a radical change of diet and consumption patterns, putting more pressure on the economy. Rather than depending on the land, they become dependent on the consumption patterns of urban markets.

The Bolivian cooperative, Association Integral de Ganaderos en Camelidos de los Andes Altos (AIGACAA) attempts to help producers improve and market alpaca fibre.7 The reality, however, is that few who leave the countryside return to it.

A private commercial bank, Banco Solidario S.A. (also known as Banco Sol), with branches across Bolivia, has been focusing on micro-enterprises in the informal urban economy; the average balance among its clients has been under $1300. To the author, however, it seems that many potential applicants are unaware of such projects.

Notes
1. Lake Titicaca is of considerable size; Rees and Bell wrote, ‘Titicaca’s 3,200 square miles make it half the size of Lake Ontario’ (1950, p. 495). For a discussion of Lake Titicaca and its significance to Indigenous people, see Marden (1971).
2. Quechua is the most spoken Indigenous language in South America today.
3. For a detailed discussion about coca and cocaine, see: White (1989).
4. Phillips (1943) described Guayqui, Bolivia’s major port city, as ‘saturated with mañana’ (1943, p. 309).
5. Foster explained the literal meaning of the name Cochabamba: ‘Cocha means “lake” in Spanish; bamba is a corrupt form of the Indian pampa, meaning “plain”’; thus the name (Cochabamba) implies a “lake of plains”’ (1950, p. 463).
6. For details, see Hayden and Check (2000).
7. For details, see Namken (1997).

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PART VI

THE SOUTH PACIFIC
Introduction

Australia, New Zealand, Melanesia and Polynesia form an interesting South Pacific set. There are areas of commonality and, since the 1980s, well established networks of interaction alongside distinctive cultural, geographical and historical variations. Aboriginal peoples in Australia are among the oldest peoples of the world and occupy one of the largest and driest land masses. The Indigenous peoples of Polynesia, in contrast, are much more recent arrivals who have voyaged across vast expanses of ocean to be the first occupants of their small, moist tropical homelands.

Many of the chapters on Indigenous entrepreneurship presented in the South Pacific part of this volume serve to elucidate and consolidate themes that are important in all sections of the volume as a whole. We will provide an overview of these contributions, organised below in Australian, New Zealand and Pacific sets. Alongside them are a smaller set of studies which provide significant insights or new perspectives on Indigenous entrepreneurship across the globe.

Australia, Melanesia and Polynesia

Australian Aboriginal people have been part of their Australian homeland for at least 40,000 to 50,000 years, probably 50,000 to 60,000 years and perhaps as long as 70,000 to 100,000 years. They are among the oldest peoples in the world in terms of continuous occupation of their present-day homelands.

Melanesian peoples have a long, but by comparison more recent, history on their large, moist tropical islands. The chain of large islands from Papua in the north-west, through the Solomon Islands and Vanuatu, to New Caledonia and Fiji in the south-east were settled by their present peoples between 40,000 and 50,000 years BP.

The small, moist, tropical islands of Polynesia and the larger islands of Hawaii and Aotearoa New Zealand were occupied by Polynesian peoples during the last 3500 years. Initially the movement was from Asia to the Polynesian heartlands of Tonga, Samoa and Fiji, then, over the following 2000 years, the Polynesian peoples explored and settled all of the island groups within the triangle marked out by Hawaii, Easter Island and Aotearoa New Zealand.1

Older brothers and younger brothers

Networking between Indigenous peoples in Australia, New Zealand and Melanesia was intermittent during the centuries when European colonial powers restricted the movement of Aboriginal people in Australia and divided and fragmented the peoples of Melanesia and Polynesia. Significant and positive encounters between Aboriginal and
Maori were minimal until the 1980s. One significant turning point came in November 1980 when a ‘Three Nations Conference’ was held on the theme of ‘Development and Underdevelopment in Canada, Australia and New Zealand’ (Clements, 1980). The Conference was hosted by Rehua Maori marae and the University of Canterbury and Andre Gundar Frank, Lorna Lippman and Ted Wheelwright were among the formal presenters. There were intense and positive encounters between Aboriginal Australian participants and New Zealand Maori participants which had an impact on Indigenous and non-Indigenous alike. One of the latter reflects:

One of the most exciting things was to see relationships fall into place during the week. For a long time Pakeha [European (ed.)] New Zealanders have patronised Maori people as being the finest native race in the world. By the end of the week Maori people were talking to Aborigines as being ‘older brothers’ and the ‘first people in the world’. (Clements, 1981: 26)
Since then there have been a multiplicity of exchanges between Indigenous peoples: between Australia and New Zealand; between Australasia and North America; around the Arctic circle; between the North and the South within a United Nations Working Group on Indigenous Populations and the International Work Group for Indigenous Affairs.

The focal points for many of these international exchanges have been land rights, human rights, intellectual property rights and the rights of Indigenous peoples. Bringing together a set of contributions which focus on Indigenous entrepreneurship is a significant next step in the wider movements of Indigenous networking and mutual support. It is a venture which will enhance Indigenous identity, increase Indigenous well-being and increase the contribution which Indigenous peoples make to global well-being.

**Cultural resources for entrepreneurship**

Sir Tipene O’Regan, Maori scholar and Indigenous leader, highlights the cultural resources and the entrepreneurial skills which are embedded in the spirituality and the life experience of Polynesian peoples. He describes the voyages of his ancestors from the warm, tropical world of small islands to the colder, more remote, land mass of Aotearoa New Zealand:

> Successive generations found their way over vast expanses of ocean, sailing in great double hulled canoes, navigating down the long corridors of the stars, tacking westwards and southwards, seeking and settling new lands, new reefs, new lagoons. (O’Regan, 2001: 1)

O’Regan goes on to describe the collective preparations and the interplay between empirical knowledge, genetic resources and spirituality:

> Our ancestors were intentional voyagers, carrying carefully selected gene pools of people, plants and animals. The spirituality, the wairua of Polynesia was their greatest gift to us. Many of our Gods, our Atua, were born in the Pacific and came to Aotearoa in the baskets of knowledge carried by the first settlers. (O’Regan, 2001: 1)

Arrival in Aotearoa New Zealand posed new challenges and created new opportunities. There were continuities of knowledge, skills and world views but decisive breaks with previous experience. The challenges were met and the adaptations were made and subsequent generations were able to prosper and thrive in a totally different environment.

Maori are distinctive but not unique among Indigenous peoples in their ability to create and innovate, to apply traditional knowledge to new challenges, to draw on the riches of their traditions in their search for a better future. Each Indigenous people, from Australasia to Scandinavia, from Amazonia to the Sahara, has its own distinctive identity, its own resilience and its own set of cultural and technological skills. Indigenous peoples, over thousands of years and across a great range of environments, have shown an ability to adapt, to change and to prosper. The challenge addressed in this volume is to interface these traditional skills with the modern commercial world.

**Insights from Australia**

Four of the chapters in the South Pacific set come out of the Australian context. Hindle and Schaper, taken together, set the scene for case studies by Mazzarol, and Ord and
Mazzarol. The authors of all the papers contribute insights to the analysis and point to new futures.

Kevin Hindle, writing about the renaissance of Indigenous entrepreneurship, provides a strong empirical and conceptual context: there are 420,000 Indigenous Australians, many of whom live in metropolitan areas and regional cities. The statistics are stark: Aboriginal Australians, compared to the population at large, are four times more likely to be unemployed and 16 times more likely to be in prison. These statistics, Hindle suggests, quantify the failure of a passive welfare system. Politics which are paternalistic do not succeed.

‘Cultural misunderstanding,’ Hindle suggests, ‘is the root of entrepreneurial suppression.’ Reconciliation, he suggests, provides the way forward for both cultures. Hindle draws on the insights provided by Aboriginal leaders and entrepreneurs as part of the Global Entrepreneurial Monitor study (GEM). ‘The path to constructive policy,’ he writes, ‘is culturally sensitive education.’ Indigenous world views are a powerful force, but only if they are recognised as valid by both cultures:

The key will be the development of truly culturally sensitive, community supported education programs designed and championed by committed teachers and mentors from both the Indigenous and mainstream communities.

The theme of Michael Schaper’s paper is ‘looking back and looking forward’. The current status of entrepreneurship is linked to colonial encounter. Small groups of Aboriginal people traversed large areas of country collecting food and resources communally and sharing them communally. European settlement assumed ownership, dispossessed traditional owners and imposed its own administrative apparatus on people and country. Two centuries later the legal status of Aboriginal people has changed, social views have changed but these changes are not reflected in the policies and practices of government. Indigenous entrepreneurship is now on the agenda of government and Indigenous organizations and is paralleled by initiatives with the universities and the private sector. A small number of Aboriginal enterprises and firms have gained public recognition, in particular in art and design, cultural performance and outback tourism. The initiatives are significant but the statistics make it clear that Aboriginal entrepreneurship lags behind entrepreneurship in the larger community.

Schaper suggests five reasons for the under representation of Aborigines among entrepreneurs:

1. Aboriginal people have, until recently, been excluded from the cash economy.
2. Aboriginal communities in remote and regional Australia lack access to a substantial consumer population.
3. There are too few successful role models.
4. There is a relative paucity of human capital: Aboriginal people have lower education, fewer technical skills and a lack of generic management skills.
5. Cultural values differ: Aboriginal people place greater reliance on community, consensus and cooperation.

Schaper’s paper sets the scene for more research, more analysis and more cross-cultural dialogue.
Tim Mazzarol presents a carefully focused case study on ways to stimulate entrepreneurship in regional Australia. In a situation where many regional economies are in decline, or undergoing structural adjustment, there is a strong policy emphasis on the nurture of entrepreneurship. Mazzarol’s research embraces 253 respondents in six sub-populations: a mix of urban and rural; ‘necessity entrepreneurs’ and ‘opportunity entrepreneurs’; non-Aboriginal and Aboriginal. The focus of attention is on the triggers and the barriers to successful entrepreneurship. Data are collected by interview and factor analysed. The most important triggers for entrepreneurship in general are creativity (to follow a dream or use talents in new ways); money (to have an income or to earn an income based on merit); and autonomy (to choose your own location, set your own hours of work or be your own boss). The most important barriers are lack of support and information, risks, the realities of the business world, lack of finance and lack of marketing skills. Among Aboriginal respondents the fear of failure is higher, the problems of gaining support from others is greater and the role models are fewer.

Mazzarol’s conclusions, based on survey data, converge with Hindle’s broader analysis. Mentoring and training are critical if Aboriginal entrepreneurship is to be expanded. Agencies and programmes seeking to equip Aboriginal entrepreneurs need to have a good understanding of the social and cultural context in which nascent entrepreneurs are located. They also need Indigenous educators, counsellors and mentors.

Duncan Ord and Tim Mazzarol join forces to present a case study on unlocking the potential of the Noongar Aboriginal community in Western Australia. The focus of attention shifts from individual entrepreneurship to the Noongar Nation, a community of some 27,000 people whose traditional lands on the Swan and Murray rivers now embrace the Perth metropolitan area and four productive economic regions adjacent to Perth.

Noongar specifically, and Aboriginal people generally, suffer from economic and social disadvantage. The authors argue that failure to address this will result in further social and political dysfunction for Noongar and for Western Australia. The way forward, they suggest, is economic self-determination through employment, enterprise and entrepreneurship. They see the Noongar Nation as a potential economic force in the Western Australian economy and they provide strong advocacy for a Noongar Economic Development Corporation. Strategies to achieve this include clusters of business initiatives in fields such as trades and services to meet the needs of the local market, and trademark enterprises which provide for national and international markets. Noongar enterprise can take the form of Noongar-owned ventures or joint ventures with non-Indigenous partners.

The challenge as described by Ord and Mazzarol, building on Canadian experience, is to create the building blocks for Noongar economic participation, to empower the community through a combination of education and training in business and enterprise skills. The role of a Noongar Economic Development Corporation would be to combine the assets, skills and opportunities to enable Noongar to gain the critical mass needed to engage in the Western Australian economy. Self-determination is one of the most important challenges faced by the Noongar Nation.

Maori in Aotearoa New Zealand

The three chapters from Aotearoa New Zealand form an interconnected set. Warriner, Henry and Paulin bring parallel perspectives to the history of colonial impact. They either
present case studies or use the results of purpose-designed research projects. Henry’s chapter is positioned first. She unfolds the concept of kaupapa Maori entrepreneurship which is very specific to Maori and New Zealand but which resonates with Indigenous peoples in many other nation states.

A former student of Léo-Paul Dana, Dianna Wilkins, works at the interface, connecting two clusters of theory: economic development theory and entrepreneurship theory. She sets out a suite of theories and then makes comparisons between New Zealand, Australia and Canada. This empirical information allows her to identify those theories that are most fruitful for work on Indigenous entrepreneurship.

Wilkins opens her empirical discussion by noting that Indigenous peoples, globally, are disadvantaged and often confronted with discrimination. Many nations now recognise the disparity in socioeconomic circumstances and unequal opportunities and are actively seeking remedies. A primary strategy, taken up by some nations, is to address the land rights of Indigenous peoples.

New Zealand came into being on the basis of a treaty between the British Crown and Maori tribes and, 140 years later, established the Treaty of Waitangi Tribunal to address land claims. Waikato Tainui, a tribe in the north, and Ngai Tahu in the south have each gained settlements worth $170 million and other tribes are currently negotiating settlements. These outcomes are increasing the resources and the options available to Maori, collectively and individually.

Wilkins draws on a GEM study by Frederick (2002) to suggest that Maori have regained their entrepreneurial tendencies with almost 12 per cent of Maori being entrepreneurs compared with 14 per cent in the population as a whole. Frederick finds that Maori entrepreneurs are younger and less educated than their non-Maori counterparts. The tensions of operating in a western-based market environment are noted: traditional Maori values are in conflict with individualistic approaches to entrepreneurship.

Wilkins then compares the policy context. The situation in Canada, where land rights are addressed in a thoroughgoing manner, has produced opportunities for Indigenous development similar to those in New Zealand. Australia, in contrast, has chosen to operate a ‘mainstreaming’ policy which has created welfare dependence and prevented Indigenous economic development.

Humanistic approaches, Wilkins suggests, are the key to economic progress for Indigenous peoples. Humanistic theory underlines the importance of the social context and the need to balance macroeconomic and social development (Kraemer, 1998). Governments, working with Indigenous people, can facilitate and encourage self-directed advancement.

‘Entrepreneurship and economic development are intertwined,’ writes Wilkins, ‘fostering one, in turn fosters the other.’

Virginia Warriner links her research project on the importance of traditional Maori values in entrepreneurship to the 2003 GEM report. She is interested in Maori ‘necessity entrepreneurs’ (NE) who created a business when they became redundant or unemployed and Maori ‘opportunity entrepreneurs’ (OE) who saw possibilities for themselves or their families. She is equally interested in individually owned enterprises and collective enterprises run by iwi or hapu.

There is a long and explicit tradition of Maori entrepreneurship. Warriner notes that Maori responded to the early European arrivals by adopting western economic ideas and
technologies. Alongside this she identifies traditional Maori values which provide a distinctive foundation for Maori enterprise:

Maori values are based on many principles and... include whanaungatanga (relationships), manaakitanga meaning to support, care for others, kaitiakitanga (guardianship), rangatiratanga (leadership) and aroha meaning love, compassion, respect.

Warriner examines the ways these traditional values are incorporated into contemporary business operations. She does this by in-depth interviews with four entrepreneurs who are self-employed and three who are directors of Maori commercial corporates. Some identified themselves as either necessity entrepreneurs or opportunity entrepreneurs but most see themselves as both. One reported:

From an NE point of view I had to create a job when I became a trustee because you can’t be an employee as well as a trustee. From an OE point of view it just extended on the knowledge I already had, extending that knowledge into consultancy and advisory work.

Most of the individual entrepreneurs incorporated traditional values into their way of working:

As a Maori entrepreneur I’m always looking for an avenue to better our people. I’m looking forward as well as looking back on the law on the history of our people and then looking for a way forward.

Similarly the director of a tribal collective shared his insights into the interplay between Maori values and commercial enterprise:

The Board itself practises whanaungatanga (building relationships), uses te reo (Maori language) at every opportunity, has respect for the elders (rangatiratanga), and manaakitanga, kaitiakitanga are observed with respect to their beneficiaries and resources.

There are challenges and tensions but no evidence of polarization between traditional values and modern commercial practice. Rather there is a determination to take traditional values into the contemporary market place.

The Ngai Tahu tribe is very deliberate and very explicit about the relationship between tribal identity, tribal cultural values and commercial operation.

Charlotte Paulin describes the Ngai Tahu settlement with the government and the governance structures which enable it to operate as a tribal corporate in the modern commercial world. The formal agreement included an apology, cultural redress and lands to the value of $170 million (Goodall, 2001). Entrepreneurial and governance structures were worked out in an intentional manner and approved by tribal members in advance of the 1998 settlement:

‘Te Runanga o Ngai Tahu’ is an organisation that was established by Ngai Tahu to service the tribe’s customary rights and ensure that the benefits of the treaty settlement continue to grow for future generations. It is the legal identity and authorized voice of the tribe and is responsible to the members of Ngai Tahu.

There are three organisations, within the tribal corporate structure, responsible for administration, economic activity and tribal development. The Office of Te Runanga coordinates
and Ngai Tahu Holdings Corporation is carefully separated from Ngai Tahu Development Corporation. Paulin explains:

Ngai Tahu Holdings Corporation has a very specific objective: to foster the financial position of the tribe by building up economic assets. Tribal assets are invested in three main areas: the Ngai Tahu Seafood, Tourism . . . and property groups. These assets are kept at a sustainable level to ensure the long term financial stability of the tribe.

Ngai Tahu Development is funded by a portion of the annual income from Ngai Tahu Holdings. It is responsible for the educational, social and cultural development of Ngai Tahu. In the 2003/04 financial year, a total of $8.5 million was used for these purposes and a similar amount was reinvested to increase the tribal asset base. The financial objectives are clear: Ngai Tahu is to operate as efficiently and effectively as any private organisation, with the ultimate goal of profit maximisation.

The social and cultural objectives are equally clear: education is fundamental – to improve the socioeconomic circumstances of Ngai Tahu and provide a new breed of tribal leaders – and investment in language and culture is of paramount concern. Ngai Tahu is dedicated to expanding human potential and building up tribal assets. Ngai Tahu has worked hard at both. In Paulin’s words the tribe is ‘making tentative steps towards relieving the depressed socioeconomic circumstances of their people’. The evidence from the annual accounts is clear. Ngai Tahu has become a substantial component of the larger South Island economy.

Ella Henry writes about ‘kaupapa Maori entrepreneurship’ and explores tribal initiatives that offer the potential for business and community development. Henry reiterates that Maori figure among the worst social statistics in contemporary New Zealand society. Kaupapa Maori entrepreneurship is presented as a way to deliver both economic and political sovereignty to a colonized Indigenous people.

Henry traverses the colonial history: the tribal commercial ventures that flourished at the point of early European contact; the expectations for full and equal participation in the colonial economy; loss of land and marginalisation that lasted for seven generations. Then, citing Ranginui Walker (1990) she describes the Maori renaissance of the 1970s and the challenges this posed to the power structures.

Land claims are now being heard and settlements negotiated. A growing number of tribes now have the resources needed to plan for the development and well-being of their people. Kaupapa Maori theory has been developed within academia and is now being applied in business. Henry describes it thus: ‘Kaupapa Maori is the term often used to describe traditional Maori ways of doing, being, and thinking, encapsulated in a Maori world-view or cosmology.’ Applied to entrepreneurship, it embraces both individual ownership and collective enterprises:

Kaupapa Maori Entrepreneurship can be described as ‘social entrepreneurship’, in that it is entrepreneurial activity, but it is underpinned by social objectives to improve wealth and well-being of the community, rather than just the individual.

Henry selects three examples, Kiwa Films, Ngati Hine Health Trust and Ngati Rarua Atiawa Iwi Trust, to demonstrate the manner in which kaupapa Maori entrepreneurship operates in different contexts. Kaupapa Maori entrepreneurship, shown in the three case
studies, is carried out by Maori, with Maori and for Maori. ‘Kaupapa Maori entrepre-
nurs,’ concludes Henry, ‘share a passion for making a difference for Maori people. They
are creating and working in businesses, profit or non profit, that strengthen their whanau,
hapu and iwi, and creating robust and strategic organisations that can make and are
making a profound contribution to Maori development.’

Pacific island peoples
The number of chapters about the Pacific islands is smaller but, together, these chap-

ters cover very different contexts. George Curry writes about ‘doing business’ in Papua
New Guinea, the largest of the Melanesian Nations. Léo-Paul Dana reflects on cultural
values and entrepreneurship among Fijians, a Melanesian people with a Polynesian social
structure.

Léo-Paul Dana’s Chapter 45 reflects on the situation of Fijian peoples within the Pacific
nation which is known as Fiji. This is a nation where colonisation has left an uncomfort-
able legacy. Indigenous Fijians and the descendants of indentured Indian labourers share
citizenship but not land. There is little mixing of cultures in the mainstream arena. Most
land in Fiji is owned communally by 6000 Fijian mataqalis (descent groups). There are
strong mutual obligations between commoners and chiefs and there is a very low rate of
participation of Fijians in business.

Research into economic participation and entrepreneurship in Fiji has, to a large
extent, been carried out by Fijian Indian scholars and expatriates. Reddy, writing from
outside Fijian culture, sets out a perception which needs to be critiqued from within a
Fijian cultural context:

Indigenous Fijian and Indo-Fijian cultures are diametrically opposed in their attitudes to busi-

ness and business related concepts such as profit making, risk taking, budgets and targets, and
social responsibility of business. In Indo-Fijian culture, business has a high status, and profit
making by companies is highly favoured, whereas among Indigenous Fijians it is moderately low
and neutral, respectively. (Reddy, 2001: 104, cited by Dana)

Reddy’s analysis and Dana’s baseline prompt us to go further and suggest that a new
phase of entrepreneurship is needed in Fiji to support dialogue between Fijian and Indian
scholars. There are important questions to be addressed. What entrepreneurial initiatives
are being taken, or are being stifled, within the mataqalis? How can commercial entre-
preneurship be nurtured and facilitated within Fijian society in a way that contributes to
the well-being of both races and the enlargement of the Fijian economy? The future well-
being of the nation may well hinge on a more profound understanding of the role of
dynamic entrepreneurship within two decisively different cultures. The insights provided
by the spectrum of authors in this volume will resource the research and analysis which
is needed to support both races.

The cultural context of entrepreneurship in Papua New Guinea differs decisively from
that in Fiji and Western Samoa. Leadership in Polynesia is inherited and Indigenous com-

munities embrace larger numbers of people. In Melanesia, as in Australia, the social col-
lectives are smaller and more local. Leadership is not inherited but established on the basis
of ability on a generation-by-generation basis or even an event-by-event basis. ‘Big Men’
and ‘business’ are a significant part of the Papua New Guinea scene. The economic and
the political are interwoven and the local is as complex and as fascinating as the national.
George Curry’s case studies come out of this contemporary Melanesian context. His research into the social embeddedness of small business enterprises is very specific to Papua New Guinea but it opens windows right across the spectrum of nations: large and small, in both hemispheres and all four Indigenous worlds.

Curry sets the scene by reflecting on the dynamic of small stores which operate from the homes of the owners and sell basic needs such as soap, tea, kerosene and cigarettes. The capital outlay is very small, the enterprises take advantage of social and kinship links and the customers make frequent purchases of small quantities of a single product: for example, a small tumbler of soap powder or two or three cigarettes. He links this personal observation to the recent literature on the social embeddedness of economies and the role of personal social networks in establishing successful businesses and creating trust in markets. Curry combines two carefully selected case studies to explore the empirical world of ‘business’ and expand on the insights contained in the theory.

The first study by Imbun (2000) is on wage labour in Enga Province in the Papua New Guinea Highlands. Rural villagers seek employment at the PJV goldmines for a variety of motives. Some use their wages to enhance their status within the village. Others use their income to set up local enterprises such as workshops or petrol stations, achieving a greater gain in status. Others, again, join the emerging middle class as accountants, engineers or geologists and limit their economic and social links to the village.

The second study, by Curry himself, looks at the dynamic of enterprise and the cycle of birth, growth, decay and death of village tradestores in East Sepik Province. Stores are typically small, made from bush materials, and carry small stocks of basic household goods. Many are unattended during the day and open in the early evening when people socialise. They are seasonal, operating when there is cash circulating and closing down when money is exhausted. Some are operated by individuals, more by small groups of kin. The motivations are social more than economic. Curry explains that ‘investments in capital are often not in anticipation of future profits – rather they are an investment in social relationships’. He elaborates: ‘tradestores are also prestigious symbols of modernity . . . a symbolic representation of a group’s success in engaging with the modern world’.

Curry uses these findings to generate a series of key principles: (a) profit and consumption may not be primary motivators, (b) the pooling of capital and labour creates social relationships, (c) Indigenous exchange is a determinant of the quality of life. In brief, market imperatives are subordinate to the needs of the Indigenous exchange economy. Curry sums up:

Business enterprises in rural PNG are not focused solely on making a profit; the way in which they are established, managed and patronized is an expression of Indigenous social and economic life. The act of doing business, whether as customer, manager or investor, reproduces social relationships within the community.

Curry’s conceptual insights, and his use of the empirical evidence from Papua New Guinea, make a strong contribution to the debate about social embeddedness. His insights widen the discussions about Indigenous entrepreneurship and have implications in contexts far beyond the South Pacific.
Notes
1. The island of Fiji was occupied initially by Melanesians and, much later in its history, developed close associations and cultural ties with the Polynesian islands of Tonga and Samoa. Dana (Chapter 45 in this collection), describes the Fijian Indigenous people as a Melanesian people with a Polynesian social structure.
2. This result for Maori in New Zealand is the reverse to that provided by the Ministry of Pacific Island Affairs for Pacific peoples in New Zealand. Further comparative studies, using directly comparable methods, are needed to validate the evidence for the three groups.
3. Nga hau e wha’ is the Maori term, drawing on the imagery of the four winds, used to denote peoples from every place. We use the term to include Indigenous peoples from every part of the world.

References
Doing ‘business’ in Papua New Guinea: the social embeddedness of small business enterprises

George N. Curry

Introduction
In the late 1980s, when I first began working in rural villages in Papua New Guinea (PNG) I was struck by the very small quantities of store goods purchased by rural villagers. Laundry detergents, for example, were commonly bought in small sachets rather than in 750g or 1kg cartons. I assumed that the purchase of small quantities of store goods reflected the poverty of rural villagers. I also believed these buyers were paying a higher price than necessary for their consumption of these goods (more frequent trips to stores and no discount benefit from bulk buying). I was wrong on both counts because I did not reckon on the influence of the indigenous exchange economy on purchasing decisions.

A villager returning home with a 1kg carton of laundry detergent is likely to use only a very small proportion of the detergent himself before his supply is exhausted, because he would feel obliged to acquiesce to the demands of relatives for the remaining detergent after washing his own clothes. However, if he were to buy a small sachet of detergent each time he needed to do his laundry, he would use a much higher proportion of that detergent. This same principle applies to cigarettes, newspapers for rolling cigarettes, sugar, tea, kerosene and many other store-bought goods. As any smoker visiting rural communities in PNG knows, factory-made cigarettes are an expensive habit when one consumes only two or three cigarettes from a packet of 20.

I use the above example to introduce the social context of economic decision making at the village level in PNG today. The purchase of store goods, the establishment of small business enterprises, ranging from tradestores and livestock projects to export cash cropping, are all embedded in social and kinship networks that influence all facets of the operations of these businesses. The reality is that these businesses cannot be understood independently of their social and cultural environments. The purpose of this chapter is to explore the nature of the social embeddedness of business enterprises in rural villages in PNG, and to identify the characteristics that make some businesses more sustainable than others.

The chapter begins with an overview of some of the main critiques of development before focusing on the recent literature on the social embeddedness of economies which originated with the work of Karl Polanyi in the 1940s and 1950s. The main part of the chapter draws on material from rural PNG to illustrate how the social embeddedness of rural enterprises can strengthen while, at other times, undermining, the sustainability of small businesses. In addition to a short discussion of export cash cropping, two more detailed case studies provide the core of the chapter: the engagement through wage labour of local people in large-scale mine development in PNG (Imbun, 2000), and the emergence of small tradestores in rural PNG where subsistence production remains the mainstay of local economies (Curry, 1999, 2003). In discussing these engagements with the market economy, particular attention is given to indigenous cultural and social practices and how
these are able to transform the forms and meanings of these engagements into non-market transactions and relations endowed with local cultural and social meanings. I then identify three key principles concerning the indigenous economy that have a bearing on the financial sustainability of small businesses in village contexts. These principles are used to develop a typology for assessing whether or not specific types of businesses are more or less likely to coincide with the needs and values of communities seeking to maintain and enhance a way of life, a way of life that lies partly outside the market economy. I conclude with a discussion of the implications for rural development policy and suggest that much could be done to improve development policy if the agencies charged with this work were to take more account of how their projects are to be embedded in their host communities.

Critiques of conventional approaches to development

Modernisation theory has been critiqued from a range of perspectives, from the populist ideas of self-reliance in the writings of Nyerere, Lipton and Schumacher, to more deterministic, structuralist perspectives such as dependency theory (see, for example, Kitching, 1989; Peet, 1991; Slater, 1993; Blaikie, 2000; Sidaway, 2002). Some recent approaches, like variants of post-development theory, reject development as currently practised and call for new ways of thinking about the South (for example, Escobar, 2001; also Escobar, 1995). Post-development’s tendency to essentialise development and conceive of it as homogeneous is unhelpful because it does not recognise the contingent nature of development and the range of development alternatives (for a critique see Corbridge, 1998; Nederveen Pieterse, 2000). Other recent critiques place much more emphasis on human agency and recognise the contingency of development (Anderson and Bone, 1995; Anderson, 1997, 2002). Peredo et al. (2004), for example, have been developing an approach based on regulation theory (see Hirst and Zeitlin, 1992; Peck and Tickell, 1992) which recognises that the mode of social regulation (MSR) determines to a large extent the possibilities and types of development that indigenous communities living in western industrialised countries can achieve. Such work challenges modernisation notions about the evolutionary and staged trajectory of development culminating in a western industrial-like development as epitomised by North America or Western Europe. More importantly, it recognises that indigenous communities can participate in development on their own terms in ways that sustain their cultures, relationships to and control over land, and in ways that are structured to preserve the communal aspects of economic and social life.

Alongside regulation theory approaches are several other approaches that recognise the contingency of development and the role of human agency. The globalisation as hybridisation critique, like regulation theory, questions development as an historically inevitable process of homogenisation of culture and economy. For example, Nederveen Pieterse (1994) argues that globalisation involves an intermixing of economic logics giving rise to hybrid socioeconomicities. Similarly Simon (1998) emphasises the role of indigenous precolonial and premodern values and practices in shaping contemporary postcolonial economies (see also Nabudere, 1997). Simon (1998: 239–40) suggests one merit of this approach is the possibility of greater weight being given to indigenous and hybrid pasts, which in turn (re)combine in new hybrid ways... this means exploring the potential values of the contradictions, fragmentations, mélanges, pastiches and hybrids which are, and have often been for some considerable time, so widespread, ‘normal’ and even characteristic in... most countries of the South.
Highlighting the continuing role of indigenous identities, values and practices (both social and economic) in association with the emergence of a market economy does not mean that indigenous identities are static. The situation is a much more dynamic one in which local place-based practices grounded in indigenous social and cultural values are constantly interacting with elements of the market economy to create a range of development possibilities. Place, in this view, as Massey (1997) points out, is not a fixed, unconnected entity, but is constructed in an interactive process between extralocal forces and the local specificities of place.

Thus globalisation as hybridisation circumvents the Eurocentric view of development as modernisation/westernisation by recognising the possibility, indeed likelihood, of alternative forms of economy to emerge. It rejects the widely held view that many developing societies are incompletely modernised or in a transitional phase moving towards western modernity. This concept of hybridisation enables us to think about change differently by recognising that the indigenous and introduced are constantly being reworked and interpreted to form a diverse range of social, economic and cultural identities. From this perspective, local indigenous values and practices, and their material expression, become important.

While the globalisation as hybridisation literature highlights the distinct and separate economic logics that interact to form a hybrid economy, the recent literature on social embeddedness challenges modernisation by questioning the assumption of a socially disembedded and autonomous capitalist economy; that is, one that functions independently of society according to its own internal logic (for an overview, see Zukin and DiMaggio, 1990).

Current ideas on the social embeddedness of economies can be traced to Karl Polanyi’s work in the 1940s and 1950s (Polanyi, 1944; Polanyi et al., 1957; for an overview of Polanyi’s work, see Block, 2001, 2002). Polanyi’s insight of the always embedded economy has profound implications for the way we view and understand economies. How an economy is constituted, according to Polanyi, depends on how it is embedded in society. Intuitively, we recognise that the economic characteristics of many subsistence societies in the developing world partly reflect how their economies are embedded in their societies (for example, communal land tenure, emphasis on gift exchange and role of kinship in determining status and access to resources). However Polanyi’s notion of embeddedness extends to the taken-for-granted category of western market economies, and these too, take different forms depending on how they are embedded in society. Consequently, different forms of social embeddedness will give rise to different types of economies, both in western market societies and in the developing world.

Polanyi also recognised that, for an economy to function according to its own internal logic, people must be economically rational (\textit{homo economicus}). Polanyi’s concept of the embeddedness of economic action challenges this notion by suggesting that workers and employers are motivated by social as well as economic logics. His argument has been validated by the rapidly expanding literature revealing the social and cultural influences on economic success in western economies (for example, Amin and Thrift, 1992; Thrift, 1994, 1996; Massey, 1995; Leyshon, 1997; for an example from China, see Yang, 2000). There is now a large body of research revealing the role of personal social networks for successful business relationships and establishing trust in markets in both the industrial and developing worlds (for example, Andrews, 1975; Zucker, 1986; Platteau, 1994a, 1994b;
Swedberg, 1994; Yeung, 1994; Amin and Thrift, 1995; Misztal, 1996; Leyshon et al., 1998). There is also a realisation that the social nature of markets involves ‘complex moral and institutional orders regulating not only the conduct of exchange but also what is defined as exchange in the first place’ (Thrift and Olds, 1996: 315; see also Carrier, 1997).

**Wage labour and village tradestores**

Since the 1950s, a wealth of PNG research has highlighted the contingency of development and the influence of indigenous economic practices and sociocultural values in shaping contemporary forms of economy (for a limited range of examples, see Belshaw, 1955, 1957, 1965; Waddell and Krinks, 1968; Ogan, 1972; Gregory, 1982; Morauta, 1984; Boyd, 1985; Carrier and Carrier, 1989; Thomas, 1991; Goddard, 1995; Mawuli and Yala, 1995; Brooks, 1996; Curry and Koczberski, 1998, 1999; Curry, 1999, 2003; Koczberski and Curry, 1999; Imbun, 2000). The practice of gift exchange (or indigenous exchange) is perhaps the best example of this, and the gift–commodity distinction provides a useful framework for understanding the social embeddedness of economies (Gregory, 1982; Osteen, 2002).

Commodities transacted in the market place are commonly thought to have several characteristics that distinguish them from gifts: transactions are non-social acts between people who are independent of each other; the act of exchange does not entail any future obligations between the parties to the transaction; and the objects of exchange are alienable; that is, full ownership of the object is transferred along with the object of exchange. Gift exchange, on the other hand, is a social act concerned with the maintenance or creation of social relationships between individuals and groups. Gift exchange alters the relationship between the people making the transaction as well as the groups with which each individual is affiliated (in the PNG context, usually kinship/clan groups). Gift exchange therefore involves forming identities and interpersonal and group relationships, and defining group boundaries.

The social context of exchange determines whether an individual exchange constitutes a gift or a commodity transaction. This is perhaps best illustrated by the way cash has been incorporated into indigenous social and political systems in PNG (Boyd, 1985; Clark, 1989; Maclean, 1989; Nihill, 1989). Cash is widely used as a gift item in indigenous exchanges associated with marriage and mortuary exchanges in Melanesia. Cash, and other items of exchange such as labour, food, store goods and traditional exchange items like shell rings, can switch status between gifts and commodities depending on the social context of a particular transaction.

The distinction between gifts and commodities is important because the motivation to acquire the objects (including cash) necessary for exchange (whether as commodities or gifts) is very different. However, despite the large literature on gift exchange since the 1950s (see references at beginning of this section), much externally funded and directed development has tended to overlook the role of gift exchange and its continuing significance in people’s lives. In a study conducted in a village community in the East Sepik Province, PNG, almost one-half of cash income was obtained through indigenous exchange (Curry, 1992). Thus the nature and purpose of exchange shapes people’s engagement with the market economy, as will become clear below.

The following two case studies are from rural PNG. The first examines wage labour in the context of a large mining venture. This case illustrates that participation in the market
economy as wage labour is driven to a considerable extent by indigenous social values and practices rather than market values. The second case focuses on small village tradestores. While they are an enduring part of the economic and social landscape of rural PNG, they often have little in common with market enterprises and are imbued with indigenous socioeconomic values and meanings that shape all facets of their management and operations.

**Wage labour**

In an intriguing study from Enga Province, in the PNG highlands, Imbun (2000) describes how Porgeran tribesmen, on whose land the Porgera Joint Venture (PJV) gold mine is located, have switched from largely subsistence to wage labour in just over a decade. While Porgeran tribespeople have had intermittent contact with alluvial gold miners since the 1930s and have patronised miners’ tradestores, their contact with the market economy had been limited until the establishment of the mine (see also Banks, 1993, 1996). PJV has had a pro-Porgeran employment policy (including training) and Porgerans have steadily increased their share of the mining workforce since its establishment in 1989.

Imbun (2000) identified three groups of Porgeran workers in the mine workforce, each of which identifies itself differently in relation to the mining company, broader national economy and village socioeconomies. These groups, ‘grassroots’ (rural villager), ‘bisnisman’ and ‘saviman’ (knowledge man), respectively, can be considered as increasingly further removed socially from their village socioeconomies.

The grassroots category is mainly illiterate and makes up PJV’s unskilled labouring workforce. Their status and social identity remains very much grounded in the village socioeconomy. Wage employment at the mine has enabled them to enhance their status and position in village society in indigenously defined ways, as one tribesman made clear:

> we are the Ipili ‘big men’; we now have three wives each, three vehicles and two tradestores; all because of PJV . . . several years ago . . . we were just men [alluding to them having one wife each] . . . (cited in Imbun, 2000: 137)

Grassroots Porgerans have also been able to influence their working conditions at PJV. The local kin and exchange-based culture has shaped the way workers view and interpret their relationships with the company (ibid.: 142–3). Many prefer to work under crew leaders of Porgeran origin rather than with other ethnic groups. Even where there is no direct kinship relationship with a Porgeran crew leader, grassroots Porgerans give them kinship terms. PJV has recognised this situation and advised its supervisors to accommodate these arrangements.

‘Bisnisman’ Porgerans, as well as being in direct wage employment of PJV, operate a range of small businesses including workshops, tradestores, petrol stations and poultry projects. Their businesses are usually operated by close kin. But with a life span of less than four years for the average small business (Banks, 1996), these men are keen to remain in PJV employment. Their small businesses embedded in the village socioeconomy and subject to the demands of indigenous exchange cannot be run profitably in a market sense and so are subsidised by their wages from PJV. However, like the tradestores described below in the second case study, they generate considerable prestige for these mine workers, the day-to-day managers of their businesses and the clan groups with which they are affiliated.
The third group, the ‘saviman’ (knowledge man) Porgerans, form part of an emerging middle class of Porgeran workers, mostly accountants, engineers and geologists. They are better educated, see themselves as separate from ‘grassroots’ and ‘bisnisman’ mine workers, and are attempting to limit their social and economic ties with their villages. Some, as Imbun (2000: 139) notes, had managed small businesses in their villages, but these had ‘failed’ because of the social demands of relatives. Although reluctant to invest in small businesses in their village economies and professing a desire to be part of the broader national workforce and wanting to send their children to the best schools in the country, they were caught between “traditional” status aspirations and those of a new elite (ibid.: 140). Several were in polygamous marriages, an indication of bigman status:

marrying more than one wife was one of the features which cemented their elitist position in the Porgeran community, while the possession of western education and skills also enhanced their employment opportunities in the emerging modern society. (Ibid.)

Imbun’s study is insightful for it shows that, like other wage earners in PNG, PJV mine employees and their local socioeconomies have not been transformed by capitalist relations of production. Place-based social and economic practices remain important and are a primary factor shaping the forms of engagement with the market economy, even for well-educated workers occupying senior positions in this international company. Indigenous exchange, and other indigenous means of achieving status, remain a powerful force motivating and shaping the forms of participation in the capitalist economy, while social status and identity remain very much embedded in local social and economic relations.

**Village tradestores**

Village tradestores provide another example of the influence of indigenous sociocultural and economic values and practices. While they might appear to be the forerunners of an emergent rural capitalism in a predominantly subsistence-based rural economy, they remain very much embedded in indigenous social relations and economic practices. As this case study from the Wosera sub-district, East Sepik Province reveals, the profit incentive is often absent or subordinated to indigenous socioeconomic objectives like gift exchange (for a fuller discussion, see Curry, 1999; for an example from highlands PNG, see Banks, 1999: 242–4).

Village tradestores in the Wosera are typically small, often constructed from bush materials, and usually stock low order goods such as tinned fish, rice, instant noodles, kerosene, matches, newspapers (for rolling tobacco), lamp wicks, lighter flints, soap and batteries. They are often unattended for much of the day, opening in the early evening if customers arrive. Many tradestores are seasonal, operating during peak periods of cash crop production like the seasonal coffee and cocoa flushes when more money is circulating in the village economy. The profits generated from such tradestores are usually small, so, like other villagers, store proprietors remain dependent for their livelihoods on subsistence food production, export cash cropping and the cultivation of vegetables, fruit, betel nut and tobacco for sale at local roadside and town markets.

Tradestores can be constructed from freely available bush materials and require little investment in stock, yet few individuals establish stores on their own; the vast majority
are group investments that draw on extensive networks of kin for capital (buying stock) and labour (site clearance, collection of bush materials and store construction). The kinship networks drawn upon for these purposes are the same networks that are mobilised during large indigenous exchange transactions like brideprices, mortuary payments and ritual events.

The important point is that the mobilisation of social and kinship networks for the staging of rituals, practising indigenous exchange or the establishment of village-based businesses is all to do with social relationships, group identity and status. For the Wosera tradestores I examined, the distribution of investment returns was influenced more by indigenous moral obligations associated with particular types of kinship relationship between investor and store proprietor than by the initial investment level. For example, in the Wosera, the mother’s brother (MB) is culturally and economically important and he is positioned in a caring and supportive role of his sister’s children and often makes a substantial contribution to the brideprice of his sister’s son. Such contributions create a very strong socioeconomic and emotional bond between them that is sometimes carried over to their children’s generation. In the same way, I observed cases where MBs declined an investment return from the businesses of their sisters’ sons, citing their kinship role in supporting and nurturing their sisters’ children. Thus investments of capital are often not in anticipation of future profits: rather they are an investment in social relationships. Contributions of labour and cash to found tradestores are, for the most part, gift transactions that help define groups and establish or strengthen social and kinship relationships.

Tradestores are also prestigious symbols of modernity for the store operator and his supporters. They are a symbolic representation of a group’s success in engaging with the modern world (see also Goddard, 1995). While a modern store constructed of milled timber with concrete flooring has more prestige value than one built from bush materials, their association with the modern world (imported manufactured goods and their visual resemblance to a modern building) is, nonetheless, significant for enhancing group status. Therefore, in both functional and symbolic terms, tradestores are an amalgam of elements from the introduced market economy and local indigenous economic values and practices.

As indicated earlier, village tradestores operate on very narrow profit margins and many become insolvent. Because sales are often on credit and many store proprietors invest stock and cash profits in indigenous exchange, restocking can be a problem. To remain afloat, many rely on subsidies from export cash crop earnings and/or, as Imbun pointed out in relation to PJV workers, remittances from kin working outside the village (see also Carrier, 1992; Carrier and Carrier, 1989).

The fact that a village tradestore does not generate a profit may not be of concern to the proprietor or investors if the primary objective is to generate prestige through reproducing the symbols of the modern economy and/or enabling indigenous exchange to occur – sometimes for a specific purpose such as raising a brideprice, after which the business closes until a new objective is identified (see Brooks, 1996, for a discussion of the cyclical operation of some village enterprises). Yet, for development practitioners with a market-centric view of development, the physical evidence of ‘failed’ village businesses like tradestores and poultry projects is explained by some skill deficiency in the managers of these businesses, or some other external constraint. Rarely do they acknowledge the non-market objectives of these proprietors and investors and the purposes of their businesses. The label
'market enterprise' is assumed to apply to these ventures and informs thinking in a pattern not too far removed from the following:

They look like stores, so they must be stores . . . Therefore, they must be attempting to generate profits . . .

Why are they not succeeding? . . .

Answer: lack of skills . . . lack of capital . . . lack of knowledge . . .

Solution: small business training and maybe a micro-credit scheme . . .

Problem solved!

For the reasons discussed above, this pattern of thinking is wildly divergent from the reality of the situation, and often leads to misinformed development strategies. It is also a very Eurocentric take on the issue.

However, if the purpose of a store is primarily to generate an income stream, it becomes important to take account of factors that may undermine its sustainability. If the store is located within a village and therefore subject to the myriad demands of the indigenous exchange economy, it will be vulnerable to insolvency without external subsidies such as remittances and income from cash cropping. Thus the location of a store is important: a store in a village will operate differently (and probably have a different purpose) from one located on a roadside where passing traffic (customers not part of village exchange networks) patronises the store. Providing that passing traffic constitutes a sufficiently high proportion of the ‘customer base’, the store may generate profits on a sustainable basis. Rural people are well aware of this, and many entrepreneurs I have met who established enterprises to generate profits either located their businesses along roads to pick up passing trade, or established them away from their villages. While this does not fully insulate these businesses from indigenous exchange obligations, it does mean that a higher proportion of their transactions is not influenced by considerations of indigenous exchange.

**Key principles**

What principles can be distilled from the above analysis to inform development theory and practice? The PNG research presented here, together with the work of others on social embeddedness and regulation theory (see the introduction for references), suggest that it may be useful for development practitioners to be sensitive to the contingent nature of development and pay more attention to local social and economic practices and concepts of economy and society. By doing so, our perspective will move beyond a purely market-centred view of indigenous business enterprises leading to a more informed understanding of the constraints on the sustainability of particular types of business enterprises in village contexts.

From the PNG analysis, three key principles can be distilled: (1) profits and a desire for consumption may not be primary motivating forces for engagement with the market economy; (2) the pooling of capital and labour has much to do with group identity and the formation of social relationships; and (3) indigenous exchange is an important determinant of life quality. I discuss each of these principles below.

**Profit and consumption may not be primary motivators**

People’s engagement with the market economy as wage labour and as proprietors or investors in village businesses is not driven solely by a desire for consumption or profit
accumulation. The social dimension is extremely important, to the extent that market imperatives can become subsumed within other imperatives such as indigenous exchange. When PJV mine employees ‘squander’ their wages in loss-making village businesses, they appear from a market perspective to be irrational economic actors. Barely profitable village tradestores which are sustained by external subsidies like remittances from migrants in town or the redirection of hard-earned cash crop income are difficult to fathom from a market framework of understanding. Yet, if we broaden our conceptual framework to include indigenous exchange and indigenous notions of prestige, labels like ‘irrational’ behaviour and ‘market failures’ seem inappropriate. Instead, a picture emerges in which, for the most part, individuals and groups are striving to enhance their quality of life in indigenously defined ways, and profits might not be a large part of this picture.

The pooling of capital and labour creates social relationships
The pooling of capital and labour by social and kinship groups facilitates group identity and well-being, because of the meanings and values people attach to such transactions. Thus such transactions have meanings and significance beyond those associated with market transactions. Communal labour practices and gifts of capital to found village businesses, for example, forge and strengthen social bonds within and between communities. Indeed, in the PNG context, indigenous exchange and communal labour practices are the foundations upon which communities are built; without them the social and emotional bonds and networks that constitute and hold together village communities would wither.

Indigenous exchange is a determinant of the quality of life
The third principle, which is related to the second, is that people’s capacity to participate in indigenous exchange is an important determinant of their quality of life in village society. Having the resources to practise exchange enables a person or a group to meet their moral obligations, raise their social status and define themselves in relation to other individuals and groups. In short, exchange is central to personhood, community and identity.

Given these three principles we can begin to see how some types of businesses are more likely to succeed than others in terms of generating sustainable income streams, despite the demands arising from a high degree of social embeddedness. Many small income-generating businesses promoted by external advisors are often unsustainable because they are planned without consideration of how they will accommodate, or advance, the above three principles. Invariably, the putative beneficiaries of well-intentioned aid programmes for village-level development projects are blamed for the subsequent ‘failure’ of these enterprises.

In the following section I make a preliminary attempt to develop a typology of small businesses based on their likelihood to generate financial returns for their communities on a sustainable basis.

A typology of business enterprises
For this exercise I have identified three types of business enterprise based on characteristics that influence their financial sustainability in village contexts. This typology is an analytical tool used for the purpose of clarification; in reality, the different business types grade into each other on a continuum rather than being discrete categories. Further a
range of variables, both internal and external, will determine how a particular type of enterprise is classified. For instance, as discussed previously, a business that attracts trade from outside the social networks of indigenous exchange will be less susceptible to insolvency than a business located in the heart of a village and fully embedded in social networks of indigenous exchange.

The three enterprise types described below are Type A: compatible with indigenous economy (financially highly sustainable); Type B: potential incompatibility with indigenous economy (risk of not being financially sustainable); and Type C: incompatible with indigenous economy (not likely to be financially sustainable). Another way to think of these types is that Type A enterprises are most likely to further the indigenously defined needs and aspirations of village communities on an indefinite basis, whereas the other two types are progressively less likely to generate sustainable income streams on a long-term basis if indigenous economic and social objectives are also being pursued. This is because the machinations of the indigenous exchange economy are likely to erode their capacity to generate revenue.

Type A enterprises: compatible with indigenous economy (financially sustainable while accommodating indigenous non-market objectives)

Type A enterprises are sustainable in a long-term basis because they can accommodate the redirection of a high proportion of the surplus generated to the indigenous exchange economy. Ideally almost all the wealth generated by such businesses should be able to be redirected to the indigenous exchange economy without causing the enterprise to become insolvent. Also such businesses should be able to facilitate labour practices that are in keeping with indigenous labour strategies, such as communal and kinship-based labour exchanges. As discussed previously, such labour practices are more than economic: they are strategies for developing relationships and building communities. In other words, Type A enterprises are able to accommodate high levels of social embeddedness while remaining sustainable and generating long-term income benefits for their communities.

Examples of Type A enterprises include cash crops that do not require high levels of expensive inputs (for example, pesticides, fertilisers and capital investments requiring large commercial bank loans), cocoa fermentaries and wage labour where the employer is from outside the village and not a member of village exchange networks. Cocoa fermentaries have low maintenance and running costs and most of the maintenance requirements are carried out by villagers themselves. Even if fermentary owners were to dissipate all their profits through indigenous exchange, the business would remain viable indefinitely. Moreover cocoa fermentaries, like cash crops, lend themselves to communal labour strategies: members of social and kinship networks can access and use the resource/enterprise without undermining its viability. Fermentary owners in rural PNG often allow members of their social and kinship networks to use their processing facilities to ferment and dry their cocoa beans in much the same way that other resources such as export cash crops are shared, often by people working in groups.

Type B enterprises: potential incompatibility with indigenous economy (financial sustainability threatened by non-market objectives)

Type B enterprises could be considered to be at medium risk of insolvency when they become enmeshed in village socioeconomies. While they are at fairly high risk of not being
sustainable in the long-term, the question must be asked, does this matter? As explained above, many enterprises are not established primarily for generating profits: tradestores, for example, may have more prestige than profit value, or they may be a vehicle for facilitating indigenous exchange. Should this be the case, assessing them in terms of their capacity to generate a profit is inappropriate. It is important, therefore, to have an understanding of the primary purpose of a village enterprise.

Business enterprises that fall into the Type B category are those requiring relatively high levels of inputs and reinvestment to sustain them. Such businesses might include tradestores, poultry and livestock enterprises, and cash crops dependent on costly technological inputs of tools, fertilisers and pesticides.

Type C enterprises: incompatible with indigenous economy (not likely to be financially sustainable while accommodating non-market objectives)

Type C enterprises are those that are difficult to establish and sustain because a high proportion of the surplus generated must be retained for reinvestment in the business. Such businesses include transport businesses, workshops for motor vehicle repairs and those enterprises requiring substantial commercial bank loans for their establishment. Unless they can be isolated from the demands of the indigenous exchange economy (that is, have a low degree of social embeddedness) they are particularly vulnerable to insolvency. ‘Outsiders’ living in the community, such as men married into patrilocal communities, may be more able to circumvent the demands of the local exchange economy, and thus improve the sustainability of their businesses.

Small-scale motor repair workshops located in rural villages are rare in PNG: I have yet to come across one. To remain viable these businesses require a significant proportion of their operating surplus to be expended on inputs such as fuel, machinery, tools, spare parts, lubricants and loan repayments, thus limiting the surplus that can be redirected to the indigenous exchange economy. Vehicles hired out for transport are another example. Villagers who have been relatively successful in these sorts of enterprises have tended to locate their businesses away from their home villages; they are often migrants residing in urban centres or on land settlement schemes.

It is important to reiterate that the level of social embeddedness varies for a range of reasons and can thus shift a particular type of enterprise from one category to another. For instance, oil palm production is fairly complex and dependent on a large range of inputs such as loans for fertiliser, tools and planting material (and replanting after 20 years of production) and depends on a regular and efficient transport system to carry the fruit to the mill for processing. Despite appearing to have the hallmark characteristics of a Type C enterprise, the smallholder oil palm sector has been remarkably successful in PNG and is now the largest earner of foreign exchange in the agricultural sector. If this crop were managed entirely by smallholders, it is unlikely that it would have achieved its present success, which is largely attributable to the services provided to smallholders by large multinational oil palm milling companies. These companies provide extension advice, interest-free credit for inputs and they operate transport services to cart smallholder fruit to their mills.

When oil palm companies have encouraged independent contractors to undertake fruit cartage, they have negotiated bank loans on behalf of these entrepreneurs, and deducted loan repayments and provisions for vehicle maintenance and repairs from their payments
to contractors. By deducting these costs and provisions from payments to contractors, these companies have ensured the viability of their contractors by isolating a component of the operating surplus from the demands of the indigenous exchange economy. If these companies had limited their relationships with smallholders to buying fruit from them at the company mill gates, it is doubtful whether oil palm would ever have become a viable smallholder crop in PNG. In effect, the relationship between the companies and smallholders and contracted transport businesses has enabled smallholder oil palm production to move from a Type C to a Type A enterprise (for a more detailed overview of smallholder oil palm production in PNG, see Koczberski et al., 2001; Koczberski and Curry, 2003; Curry and Koczberski, 2004).

Conclusions
This chapter has argued that the social embeddedness of economic action often leads to market imperatives being subordinated to the needs of the indigenous exchange economy. This challenges notions of development based on transforming village communities through the establishment of individualistic market relations of production and exchange, and encourages us to rethink the nature of small business development in rural societies like PNG where the indigenous exchange economy remains strong. Business enterprises in rural PNG are not focused solely on making profits; the way in which they are established, managed and patronised is an expression of indigenous social and economic life. The act of doing business, whether as customer, manager or investor, reproduces social relationships within the community. The conventional understanding of business success is perhaps too narrow a view because it excludes the social dimension encompassing the cultural values and economic practices of the societies in which these enterprises are embedded.

As a final point, recognition of the social embeddedness of village-based enterprises provides a less Eurocentric and market-centric view of small business development which opens up possibilities for a type of rural development that meets the needs of people in culturally defined ways. The typology of enterprises presented in this chapter is one step in this direction.

Acknowledgements
This chapter draws on information and experiences in rural PNG since I began working there as a postgraduate student in the late 1980s. The people who, one way and another, helped me think through these issues are too numerous to thank individually, but in addition to the villagers with whom I have spent a considerable amount of time discussing these issues over the years I wish to acknowledge the following individuals: William Tabukwin, Norma Konimor, Pauline Hore, the late David A.M. Lea, Robin Hide, Gina Koczberski and Joachim Lummani. The final three people also provided useful feedback on a draft of this chapter. I am also grateful to Dr Ben Imbun for permission to draw on his 2000 paper to illustrate some of the arguments in this chapter. Fieldwork amongst oil palm smallholders was supported by two Australian Research Council Small Grants and the Australian Centre for International Agricultural Research.

Notes
1. Many men prefer to wash their own clothes rather than have someone else do it for them.
2. This is an exploratory project and I would welcome feedback from interested readers.
3. This is not to discount the often deleterious impacts of colonisation and neocolonialism that have constrained development opportunities in many parts of the world.

4. For examples from Tonga, see Horan (2002) and James (2002).

5. Shell rings made from the giant clam (*Tridacna gigas*) are still used in brideprices in parts of the East Sepik Province, PNG. It is common for a contributor to a brideprice unable to obtain such rings through networks of indigenous exchange to purchase one as a commodity, and then convert the ring into a gift item when it becomes part of a brideprice.

6. Markets in wage labour are poorly developed in PNG village societies. If employer and employee are from the same village community, the labour contract is often not fulfilled by the employer (payment of agreed wages). Indigenous exchange demands on the employer can result in hired labour receiving delayed payment or underpayment for their work (for a fuller discussion of this issue and how labour contracts were fulfilled between smallholders employing contract labour using a company payment system, see Curry and Koczberski, 2004).

7. Fermentary owners are licensed. While it is illegal to permit people without licenses to operate cocoa fermentaries, the practice is widespread.

References


Introduction
The chapter argues that Indigenous entrepreneurship in Australia is not something that can or should be instilled by a patronising mainstream culture. Indigenous entrepreneurship existed before the twin attacks of a brutal, dispossessing invasion and the infliction of an initiative-destroying passive welfare system. Compared with America and Canada, Indigenous entrepreneurship in Australia is in decline but, through the development of culturally sensitive, community-supported education programmes, the renaissance of Indigenous entrepreneurship in Australia is a realistic possibility.

The growing policy importance of Indigenous entrepreneurship
Hindle and Lansdowne (2005) provide a definition of Indigenous entrepreneurship:

Indigenous entrepreneurship is the creation, management and development of new ventures by Indigenous people for the benefit of Indigenous people. The organizations thus created can pertain to either the private, public or non-profit sectors. The desired and achieved benefits of venturing can range from the narrow view of economic profit for a single individual to the broad view of multiple, social and economic advantages for entire communities. Outcomes and entitlements derived from Indigenous entrepreneurship may extend to enterprise partners and stakeholders who may be non-Indigenous.

In all nations with significant Indigenous minorities, the economic and social deprivation of Indigenous peoples has long been of deep policy concern, but both debate and administration of the issues – particularly the welfare issue – have not been in Indigenous control. Whether the intentions of non-Indigenous governance and aid agencies have been malicious or benign, the result of taking responsibility out of Indigenous hands has resulted in a handout culture (Pearson, 2000). Stimulation of Indigenous entrepreneurship has the potential to repair much of the damage through creation of an enterprise culture which fully respects Indigenous traditions but empowers Indigenous people as economic agents in a globally competitive modern world. There is growing worldwide awareness that policies directed to developing Indigenous entrepreneurship have the ‘win–win’ potential of enhancing Indigenous self-determination while eliminating much of the waste endemic to passive social welfare programmes.

Quantifying the failure of passive welfare policy
Today's Indigenous Australians are the victims of brutal invasion followed by paternalistic infliction of a passive social welfare system that has all but destroyed the Indigenous capacity for economic autonomy.

It is estimated that there are just over 420,000 Indigenous Australians (see Figure 38.1). Over half live in New South Wales and Queensland but the highest regional concentration
(27.7 per cent) live in the Northern Territory. The following figures come from the Allen Consulting Group (2001). Compared to the non-Indigenous, Indigenous Australians are two and a quarter times more likely to die before birth. Their life expectancy is only two-thirds as long as a mainstream Australian. They have over 16 times the incarceration rate of non-Indigenous Australians. They need hospitalisation nearly twice as much. Their unemployment rate is nearly four times the mainstream average. Their children are subject to nearly four and a half times the number of protection orders. They are more than 47 times more likely to be living in a dwelling with ten or more people. They have less than half the mainstream retention rates for final year high school. The Indigenous have only a third of the rate of post-high school qualifications and only 68 per cent of the median weekly income of the non-Indigenous. The hospital admissions rate for Indigenous women, due to interpersonal violence, is over 47 times the rate for non-Indigenous women and the strongest causal factor is substance abuse.

Despite the existence of sporadic successes, it is fair, using the cited data, to conclude, in the aggregate, that Indigenous Australians, as nations and individuals, have suffered rather than benefited from the development of the mainstream Australian state. And it can equally be said that Indigenous welfare and adjunct policies – including those designed to foster entrepreneurship (Tesfaghiorghis and Altman, 1991) – have been and remain an aggregate failure. These conclusions can be derived dispassionately, from primary data sources. No selective choice of evidence or ideological bias is required. The litany of disadvantage occurs despite the Federal Government (Australia has six State and two Territory Governments who also contribute) spending $2.2bn or $21,450 per
Indigenous household (Office of Indigenous Policy, 1999, cited in Allen Consulting Group, 2001). I would make so bold as to argue that the spectacular failure of the passive welfare system means it would be preferable to give the money – all $21 450 per year – directly to each Indigenous household rather than to persevere in the bootless search for ever more layers of patronising bureaucracy. Even allowing for the low levels of education and financial sophistication prevailing among Indigenous Australians (itself directly attributable to failed policy), it would be stretching the argument to think that Indigenous households could do worse for themselves than the bureaucracy has done to them. Of course, to advocate such a thing would create a torrent of outrage in the mainstream community. So, rather than waste time wondering why a similar torrent of outrage does not descend on the system which wastes Indigenous welfare money indirectly rather than distributing it directly, I will simply advocate a better policy yet. The best policy would be an effort to work together to equip Indigenous Australians to determine their own economic destinies through the creation of Indigenous controlled enterprises of all kinds.

An historical perspective

One dominant anachronism must be dismissed before any meaningful discussion of Indigenous Australian entrepreneurship can commence. Many contemporary analysts within the dominant culture take the current economically depressed status and relative deprivation of Australia’s Indigenous population as ‘a given’, as though it had no temporal dimension. Combine this with a tendency to equate technological development with economic development and it becomes easy to forget how high a standard of living Indigenous Australians had prior to colonisation. Geoffrey Blainey (1982: v–vi) reminds us of this:

... if an Aborigine in the 17th Century had been captured as a curiosity and taken in a Dutch ship to Europe, and if he had travelled all the way from Scotland to the Caucasus and had seen how the average European struggled to make a living, he might have said to himself that he had seen the third world and all its poverty and hardship.

Indigenous communities in Australia were possessed of powerful entrepreneurial traditions, albeit traditions in harmony rather than at war with nature. For instance, Trudgen (2000: passim) points out on numerous occasions that the Yolnu people of Arnhem Land had thousands of years of trading history and commercial spirit before the White invasion. A brutal, land-robbing invasion followed by a debilitating passive welfare system totally devoid of cultural sensitivity have combined for over two centuries to suppress but not totally extinguish the Indigenous capacity for entrepreneurship. The vital point is that Indigenous entrepreneurial spirit is not something that never existed and has to be created or ‘instilled’ by a patronising mainstream culture. Indigenous entrepreneurship is something that has always existed and needs to be reborn under Indigenous auspices. Just as Indigenous culture is beginning an arduous renaissance, so can self-determined Indigenous economic development.

Cultural misunderstanding is the root of entrepreneurial suppression

Globally reconciliation of all kinds is a major theme in the relationship between the dominant state and Indigenous peoples. A review of extant literature and policy implementations shows that reconciliation is at the heart of the two related themes that dominate the
emerging field of Indigenous entrepreneurship (Hindle and Lansdowne, 2005): how do we reconcile tradition with innovation and how do we employ mutual cultural understanding to blend the best of both worlds?

The globally relevant answer to both questions is ‘hard work based on structured understanding’. Establishing empathy between mainstream and Indigenous cultures requires great efforts based on sensitivity to Indigenous heritage. It is especially important for members of the dominant culture to develop a deep rather than a superficial approach to the Indigenous understanding of time. Using Indigenous Australia as an example, we can begin by trying to understand the transtemporal nature of ‘The Dreaming’. It is a term (following Stanner in a paper first published in 1956) now commonly used as a collective noun to summarise the various ways that a great variety of Aboriginal traditions describe the creative era: the time when the worlds of nature and culture came into being.

Rose calls it ‘the heroic time which existed in the past and still exists today’ (Rose, 1987: 260). Stanner created the term ‘everywhen’ in an attempt to generate empathy for the idea. ‘One cannot “fix” The Dreaming in time: it was, and is everywhen’ (Stanner, 1987: 225). Edwards concludes: ‘The Aboriginal concept of time is therefore cyclic, rather than linear, but in the sense that each generation is able to experience the present reality of the Dreaming’ (Edwards, 1998: 79).

Here lies the great entrepreneurial excitement and vast future potential of The Dreaming in Australia, and of all Indigenous spiritual and cultural traditions, wherever they are found. These traditions offer, not a closed book of immutable scripture, but an open universe of continuous possibility. The allegories of Indigenous tradition can show the way to what might be, as well as what has been. This continuing and ever-present relevance of heritage, particularly spiritual heritage, is a dominant characteristic of all Indigenous peoples and nations. When applied to the challenge of entrepreneurship, far from creating a difficulty, Indigenous tradition, world-view, culture and values have the potential to be a powerful positive force: but only if they are properly and deeply understood by all who are committed to the development and education of Indigenous entrepreneurs, especially teachers coming from mainstream cultural traditions. There need be no paradox, no contradiction, no values sacrifice, no false dichotomy between heritage and innovation. The great teachings of many Indigenous traditions are rich in stories of brave-hearted men and women in quest of new knowledge, new ways of doing things, new discoveries leading to a better life for all the people. And that is the essence of ethical entrepreneurship in all cultures.

Contrasting Australia and North America

In Australia, the potential for Indigenous entrepreneurship to redress past failure has been widely, if patchily discussed (see Altman and Nieuwenhuysen, 1979; Howard, 1982; Fisk, 1985; Miller Report, 1985; Beckett, 1987; House of Representatives Standing Committee on Aboriginal Affairs, 1990; Moizo, 1990; Perkins, 1990; Brennan, 1991; Sanders, 1991; Mansell, 1992; O’Donoghue, 1992; Butlin, 1993; Centre for Aboriginal Economic Policy Research, 1993; Daly, 1994; Bourke, 1998; Roberts, 1998; Hunter, 1999; Schaper, 1999; Trudgen, 2000; Allen Consulting Group, 2001). However there is a big gap between discussion and action.

In Australia, Indigenous entrepreneurship is probably in decline. A ‘high-end estimate’ of the proportion of Indigenous Australians owning their own businesses, resulting from
several specially commissioned surveys, was given by Altman and McLennan (1996), cited in Schaper (1999: 89). For the year 1994, the proportion of Aboriginal males managing their own business either as owner-employers or as self-employed individuals was only 6.3 per cent, compared to the Australian average of 17.3 per cent. Among women, the discrepancies were 3.8 per cent versus 11.8 per cent. There is evidence that the relative proportions have declined during the last eight years. The Department of Foreign Affairs and Trade (www.dfat.gov.au/facts/indig business.html) estimates that there are approximately 3000 Indigenous people currently running their own businesses. Dividing by the ABS estimate of an Indigenous population of 420,000 (ABS, 2002) we obtain a figure of 0.7 of 1 per cent of the Indigenous Australian population engaged in business ownership. The flaw here is that the division only allows for one owner per business. Still the calculus is sufficient to indicate a declining trend since 1994.

In contrast, Canada and the USA demonstrate increasing levels of Indigenous entrepreneurship. The number of Aboriginal self-employed in Canada is growing at double the national average – and this holds for women as well as men. The movement to knowledge-based rather than solely resource-based Indigenous enterprise is well established. The creation of 12,710 new Aboriginal businesses between 1981 and 1996 has added 48,502 new jobs, of which 30,444 or 63 per cent are Aboriginal jobs. Aboriginal youth are more likely to be self-employed than all Canadian youth. Nineteen per cent of Aboriginal businesses are involved in export, compared with 4 per cent for Canada as a whole (Aboriginal Business Canada, quoted in Allen Consulting Group, 2001: 10).

America also shows high growth in Indigenous entrepreneurship (US Census, 2000). The number of businesses owned by American Indians in the US increased by 84 per cent between 1992 and 1997, to 197,300 compared with a 7 per cent increase for all US firms. Receipts of American Indian owned and Alaska Native-owned firms rose 179 per cent to $22 billion in 1997, compared with a 40 per cent increase for all US firms over the same period. Four states, California (13.5 per cent), Texas (8 per cent), Oklahoma (7.7 per cent) and Florida (5.3 per cent) accounted for 34 per cent of all American Indian owned and Alaska Native-owned firms (source: US Census Bureau website <http://www.census.gov/Press-Release/www/2001/cb01-87.html>) accessed 16 April 2002.

Clearly Indigenous entrepreneurship is an area worthy of policy attention in Australia. But policy cannot be paternalistic or it will not succeed.

The path to constructive policy is culturally sensitive education

In his interview for the GEM project (Hindle and Rushworth, 2002), Australian Indigenous leader Noel Pearson stressed the need to find ways to reconcile and blend the best in mainstream and Indigenous cultures as a major issue for Indigenous entrepreneurship. Given cultural insensitivity, what works for the mainstream may fail in an Indigenous context.

In his book, *Why Warriors Lie Down and Die*, GEM respondent Richard Trudgen articulated the main reason that well-meant policy initiatives fail. With reference to the Yolŋu people of Arnhem Land he wrote:

My colleagues and I believe there is nothing Yolŋu cannot learn. The only limitation is the capacity of the teacher to teach. Unfortunately, dominant culture teachers and trainers currently come to Arnhem Land with almost no preparation in intercultural education. If the dominant culture trained its professionals in the Yolŋu language, the Yolŋu world-view and Yolŋu cultural
knowledge base – and it is possible to do so – then Yolŋu would not have to do all the hard work to cross the cultural knowledge barrier. They could then receive the vital information they need to survive. (Trudgen, 2000: 120)

Despite all the problems, Indigenous respondents to both GEM Australia and the Hindle and Lansdowne (2005) study were also optimistic. They believed that the strength of Indigenous tradition was robust enough and the spirits of individual Indigenous people were adventurous enough that paths to economic self-determination can and will be found. No one expressed this more potently or joyously than Lenore Dembski, a female Aboriginal entrepreneur from Arnhem Land who, when asked what she thought was the biggest positive factor in the entire arena of Indigenous entrepreneurship, said:

Well it’s the fact that we – my Aboriginal people – we’re so smart. For thousands of years we found ways to live richly in a desert where other people might have just shrivelled and died. And despite all the mistreatment of the last two hundred years, we’re still here; we’re still trying. We’re resilient you know.

All respondents indicated a belief that paths can be found: that Indigenous and non-Indigenous people together can foster a renaissance of Indigenous entrepreneurship – if they are brave enough to smash stereotypes and break out of the bureaucratic straitjackets of failing systems of passive welfare. The key will be the development of truly culturally sensitive, community-supported education programs designed and championed by committed teachers and mentors from both the Indigenous and mainstream communities.

The partners involved in developing any Indigenous entrepreneurship program might include (but not be limited to) selected Indigenous representative organizations; a self-selecting Indigenous group or community willing to receive and evaluate a pilot program; appropriate departments of state and federal governments; and universities with established programs in entrepreneurship education. The immediate focus should be creation of a culturally sensitive curriculum (including course materials and presentations in Indigenous language) and a mentoring program aimed at developing the entrepreneurial capacity of members of a self-selecting Indigenous community desiring to start new ventures or enhance the commercial range and viability of organizations currently in operation. The objective would be an adult education program, possibly supported by seed funding assistance, whose first measurable outcome would be production by course participants of business plans capable of attracting the debt and equity capital and whose second assessable outcome would be the local development of skills required for successful implementation of those plans in the form of commercially viable new ventures. A pilot program, if successful, could serve as the template for development of similar, culturally sensitive programs for a wide range of Indigenous groups and communities throughout Australia.

Through education it is realistically possible that Australian Indigenous entrepreneurship can be reborn. Who will be the midwife?

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Different strokes for different folks: stimulating entrepreneurship in regional communities

Tim Mazzarol

Introduction
This study examines the perceptions of different communities toward a set of triggers and barriers to the creation of a new business venture. Drawing on a sample of 253 respondents, the perceptions of six different sub-populations were examined, including those who had already launched a business venture (owner–managers) and those who had not (nascent entrepreneurs); persons located in urban and rural areas; and indigenous and non-indigenous communities. Findings suggest significant differences exist between these communities in how they perceive the importance of various triggers and barriers. These findings are discussed in the context of regional economic development with recommendations for future policy by government and non-government agencies seeking to generate more new venture start-ups.

Entrepreneurship in regional communities
Uneven distribution of wealth and opportunity is a problem facing governments throughout the world, with economic and social divisions emerging within countries as human and financial capital flow unevenly from one region to the next. Sustainable economic development within regional economies requires growth in both employment and per capita incomes. However, for many regional economies, the decline of traditional industries leads to steady erosion in the employment base and a commensurate fall in per capita incomes. Where the establishment of a few large employing firms or government-owned enterprises could not secure such employment and income growth, the only alternative is self-employment or entrepreneurship in the form of new venture creation.

Research into new venture creation within economically declining regions suggests that adverse conditions promote greater numbers of ‘necessity entrepreneurs’ (those who establish businesses out of necessity owing to unemployment or redundancy), who establish poorly resourced micro-enterprises that experience high failure rates and produce only modest levels of employment substitution. Enhancing employment and economic growth within declining or depressed regions is more likely to succeed where new ventures are established by ‘opportunity entrepreneurs’ (those who establish businesses in order to follow a market opportunity or personal ambition), who take advantage of innovation – via product or process – to operate within sustainable industries.

This chapter seeks to examine the findings of two studies that examined the perceptions of nascent entrepreneurs toward a series of factors considered likely to serve as triggers and barriers to new venture creation. It aims to determine whether there are differences between people from rural and urban environments, and different cultural or community groups, in terms of their attitudes toward such triggers and barriers. Through such an
analysis it is hoped that greater insights might be obtained as to whether rural and regional communities may pose a different problem to urban communities in relation to new venture creation.

The factors influencing new venture creation

The creation of new business ventures is a process that can be triggered by a variety of factors, some of which may be psychological, some social and some economic in nature. Many would-be entrepreneurs are motivated to launch a new venture out of a desire to fulfil a personal dream or ambition. Others may be driven by a sense of achievement, a desire for autonomy, or greater personal control over their affairs. Some may seek to follow an economic opportunity identified in the market, or they may engage in self-employment out of necessity because of loss of employment.

Whatever the motivation, the nascent entrepreneur will need to be willing to take a calculated risk, and be able to operate in an environment of uncertainty and ambiguity. It is likely that such individuals will be assisted by a capacity for determination and an internal locus of control. There is some evidence to suggest that a person’s past employment history, family background, gender, education levels, and even religion may serve to trigger their decision to launch a new venture. However, while such factors are likely to influence entrepreneurial behaviour, none of them have been found to operate significantly as triggers or barriers to new venture creation.

While the personal characteristics and motivations of the nascent entrepreneur are potentially important trigger factors for new venture creation, the surrounding environment, particularly the social milieu in which the individual operates, is likely to play an important role. The level of support the nascent entrepreneur receives from their family, friends or community may also be of importance. The inability to secure access to finance has been viewed as a potential barrier to new venture creation. However, the lack of venture capital financing is not likely to be a major impediment to the creation of new ventures. In some circumstances the lack of employment opportunities may serve to trigger new venture creation, as might general economic indicators and cycles at least within a regional context. The presence of business advisory services and government support schemes for new venture creation is likely to be beneficial to nascent entrepreneurs, as might be entrepreneurship education programmes focusing on schools or universities, and the establishment of business incubators, although advisory services, education courses and incubators are likely to be of greater benefit to the post-founding novice entrepreneur than to the pre-start up nascent entrepreneur. For the pre-foundation nascent entrepreneur the decision to launch a new venture is a dynamic process involving a complex mix of personal and contextual factors with interaction between potential barriers and triggers.

The triggers and barriers to new venture creation

A study of 93 nascent entrepreneurs (48 starters and 45 non-starters who had abandoned the original venture idea), identified nine factors (six triggers and three barriers) to new venture creation. Analysis found no significant differences in the way starters and non-starters evaluated the importance of these factors. However the desire to create, use talents or follow a dream (creativity) was rated of greater importance as a trigger factor than the others, suggesting that this may be a more important motivator for many people.
than financial gain.\textsuperscript{36} While there was little apparent difference between starters and non-starters in their overall evaluation of the importance of these factors, there were some differences found between successful new venture initiation and various demographic characteristics. An association was found between abandonment of the new venture idea and gender, previous employment experience and whether the individual had recently been made redundant.\textsuperscript{37} For example, women were found to be more likely than men to fall among the non-starters, as were persons who had previously been employed by the government or who had recently suffered a redundancy. While these findings were inconclusive owing to the small sample size, they suggest that environmental rather than personality factors might play a stronger role in the new venture creation process. Many of the non-starter women had abandoned their idea because of family pressures (such as pregnancy or lack of support from a spouse), while public servants or those who had been made redundant were lacking in confidence because of the influencing environment from which they had emerged.

A follow-up study of these trigger and barrier factors within a small rural community was undertaken, drawing a sample of 161 respondents.\textsuperscript{38} This study found a similar factor structure to the earlier study comprising the triggers: status, autonomy, money, creativity and market opportunity; and the barriers: risks and costs, support and information, skills and confidence, and finance and family. Unlike the first study, the sample drawn for this second study comprised many people who had not launched a small business venture and included many people from the Australian Aboriginal community. Despite these differences the study found similar results in terms of how people rated the importance of these trigger and barrier factors. Of most importance were the trigger factors creativity, autonomy and money. These factors are outlined in Table 39.1.

**Methodology**

The methodology used in this current study draws together the findings from these two earlier studies combining the data sets from the original samples and creating a final overall sample of 253 cases. The original 93 cases were drawn from within the metropolitan area of a state capital city, and had been selected because of their having either recently launched a new business venture (e.g., within the previous two years), or made attempts to do so (e.g., registered the business or undertaken a course in business start-up) but had abandoned the idea. The remaining 160 cases were drawn from a rural community located in a farming region approximately 300 kilometres from the city from which the first sample was drawn. Although these two samples were drawn at different time periods (five years apart), the same scale items were used in both questionnaires.

Of the 253 cases in the combined sample, 63 per cent were from the rural community; 55 per cent were male, and 45 female; 14 per cent were of Aboriginal ethnicity. Within the sample 54 per cent were owner–managers of small firms. Of these owner–managers 65 per cent were located in the regional area and 34 per cent in the urban. Following the combination of these two databases a principal component analysis was undertaken to examine the factor structure and make comparisons with that found in the two earlier studies. This statistical process examines interdependence among variables and identifies possible underlying dimensions or ‘factors’ which the indicator variables are measuring. An examination of the way in which different variables depend on each other makes it possible to
determine which variables are measuring the same thing and which measure something else. Such an analysis can also serve to reduce the many variables in the data set to a more manageable number of multiple item dimensions.

**Factor analysis**

A principal components analysis with varimax rotation to provide the simple structure needed for interpretation was used to examine both the trigger and barrier variables. All items were examined prior to the analysis using a Kaiser–Myer–Oblin measure of sampling adequacy (MSA).39 This is acknowledged as one of the best measures of determining the suitability of a set of data for subsequent factor analysis.40

The first principal component analysis undertaken was with the 20 trigger variables and this was found to have an MSA score of 0.84, suggesting the data were suitable for future

<table>
<thead>
<tr>
<th>Factor</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trigger factors</strong></td>
<td></td>
</tr>
<tr>
<td>1 Invest</td>
<td>Desire to invest personal savings, redundancy or retirement payouts, and desire for a good salary or to replace a lost income</td>
</tr>
<tr>
<td>2 Creativity</td>
<td>Desire to take advantage of talents, create something new, realise a personal dream and to have an interesting job</td>
</tr>
<tr>
<td>3 Autonomy</td>
<td>Desire to work at a location of choice, make one’s own hours and be one’s own boss</td>
</tr>
<tr>
<td>4 Status</td>
<td>Desire to increase the individual’s status or prestige, maintain a family tradition or follow the example of another person</td>
</tr>
<tr>
<td>5 Market opportunity</td>
<td>Desire to take advantage of a market opportunity and positive economic indicators</td>
</tr>
<tr>
<td>6 Money</td>
<td>Desire to earn more money and retain the full financial benefit from their labour</td>
</tr>
<tr>
<td><strong>Barrier factors:</strong></td>
<td>Volery, Mazzarol, Doss and Thein (1997) study</td>
</tr>
<tr>
<td>1 Lack of resources</td>
<td>Lack of skills in marketing and financial management, lack of information on how to start and difficulties in securing financing or premises</td>
</tr>
<tr>
<td>2 Compliance costs</td>
<td>Government or regulatory establishment costs, taxation, lack of assistance and labour</td>
</tr>
<tr>
<td>3 Hard reality</td>
<td>Risks greater than expected, task more difficult than expected, uncertainty about the future and fear of failure</td>
</tr>
<tr>
<td><strong>Barrier factors:</strong></td>
<td>Mazzarol (2002) study</td>
</tr>
<tr>
<td>1 Risks and costs</td>
<td>Taxes, fees, uncertainty of future, risks greater than expected, bad economic outlook, compliance with government regulations</td>
</tr>
<tr>
<td>2 Support and information</td>
<td>Lack of premises, difficulties finding labour, lack of information and help in starting or finding a partner</td>
</tr>
<tr>
<td>3 Skills and confidence</td>
<td>Fear of failure, lack of financial and marketing skills, task more difficult than expected</td>
</tr>
<tr>
<td>4 Finance and family</td>
<td>Difficulties securing start-up finance, lack of savings and lack of support from family and friends</td>
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</tbody>
</table>
The rotated factor matrix presented in Table 39.2 shows five trigger factors that had eigenvalues greater than one. Overall, these five factors explained 62 per cent of the variance in the model. The reliability of the factors was also tested, and Cronbach alpha coefficients ranged between 0.64 and 0.84 suggesting an acceptable level of reliability within each factor scale. As shown in Table 39.2, the factor structure generated from this analysis was similar to that obtained from the original factor models developed from the two samples when analysed separately.

The second principal component analysis undertaken was with the 18 barrier variables and this was found to have an MSA score of 0.91, suggesting the data were also suitable for further analysis. The rotated factor matrix presented in Table 39.3 shows four barrier factors with eigenvalues greater than one. Overall, these four factors explained 65 per cent of the variance in the model. The reliability of the scales used to measure these factors

### Table 39.2 Rotated factor matrix of the triggers

<table>
<thead>
<tr>
<th>Variable</th>
<th>Factor 1 Market opportunity</th>
<th>Factor 2 Status</th>
<th>Factor 3 Creativity</th>
<th>Factor 4 Autonomy</th>
<th>Factor 5 Money</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive economic indicators</td>
<td>0.767</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invest super/redundancy package</td>
<td>0.706</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invest my personal savings</td>
<td>0.666</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintain a family tradition</td>
<td>0.647</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide comfortable retirement</td>
<td>0.568</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Take advantage of a market opportunity</td>
<td>0.491</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase my status/prestige</td>
<td></td>
<td>0.794</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The need for a job</td>
<td></td>
<td>0.755</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Follow the example of another person</td>
<td></td>
<td>0.675</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Realise my dream</td>
<td></td>
<td></td>
<td>0.746</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Create something</td>
<td></td>
<td></td>
<td>0.740</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Take advantage of my talents</td>
<td></td>
<td></td>
<td>0.633</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Keep a large part of the proceeds</td>
<td></td>
<td></td>
<td>0.527</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Have an interesting job</td>
<td></td>
<td></td>
<td>0.514</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Make my own hours</td>
<td></td>
<td></td>
<td></td>
<td>0.874</td>
<td></td>
</tr>
<tr>
<td>Chance to be my own boss</td>
<td></td>
<td></td>
<td></td>
<td>0.659</td>
<td></td>
</tr>
<tr>
<td>Work at a location of my choice</td>
<td></td>
<td></td>
<td></td>
<td>0.621</td>
<td></td>
</tr>
<tr>
<td>See task through from start to finish</td>
<td></td>
<td></td>
<td></td>
<td>0.518</td>
<td></td>
</tr>
<tr>
<td>Chance to earn more money</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.845</td>
</tr>
<tr>
<td>Chance to receive a salary based on merit</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0.761</td>
</tr>
<tr>
<td>Eigenvalue</td>
<td>6.48</td>
<td>1.86</td>
<td>1.45</td>
<td>1.34</td>
<td>1.21</td>
</tr>
<tr>
<td>Percentage of variance explained</td>
<td>32.4</td>
<td>9.29</td>
<td>7.26</td>
<td>6.69</td>
<td>6.03</td>
</tr>
<tr>
<td>Cumulative percentage</td>
<td>32.4</td>
<td>41.7</td>
<td>49.0</td>
<td>55.7</td>
<td>61.7</td>
</tr>
<tr>
<td>Cronbach alpha</td>
<td>0.84</td>
<td>0.79</td>
<td>0.69</td>
<td>0.74</td>
<td>0.64</td>
</tr>
</tbody>
</table>

Only loadings > 0.5 are shown
was also tested, and alpha coefficients range between 0.73 and 0.86, suggesting an acceptable level of reliability. Table 39.3 shows this factor structure.

### Relative importance of the factors

The relative importance of each of these nine trigger and barrier factors were undertaken using pair-wise t-tests of the differences between their mean scores. Summing the means of each item within the factor scale generated a series of derived variables. Table 39.4 provides comparison of how the nine factor variables were ranked in terms of their relative importance to the entire sample. It can be seen that the factor which respondents rated highest in terms of its importance was the trigger creativity, followed in equal second place by the triggers money and autonomy. The barrier factors risks & costs and finance & skills were ranked in third place, followed by the trigger market opportunity and the barriers hard reality and support & information in fourth. The trigger status was ranked last. This importance rating structure was identical to that found in the initial analysis of the urban-based sample. It suggests that overall the nascent entrepreneur is likely to place the highest importance on the desire to create something, follow a dream, use their talents and have an interesting job. Of secondary importance is the desire to make more money.

### Table 39.3 Rotated factor matrix of the barriers

<table>
<thead>
<tr>
<th>Variable</th>
<th>Factor 1 Support &amp; Information</th>
<th>Factor 2 Risks &amp; Costs</th>
<th>Factor 3 Hard Reality</th>
<th>Factor 4 Finance &amp; Skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of suitable premises</td>
<td>0.735</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of info on business start-up</td>
<td>0.734</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No one to turn to in order to help me</td>
<td>0.698</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of support from family and friends</td>
<td>0.677</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Difficulty finding the right partner</td>
<td>0.653</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Difficulties finding suitable labour</td>
<td>0.585</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>High taxes and fees</td>
<td></td>
<td>0.776</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compliance with government regulation</td>
<td></td>
<td>0.668</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Risks greater than initially expected</td>
<td></td>
<td>0.624</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bad economic indicators</td>
<td></td>
<td>0.478</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fear of failure</td>
<td></td>
<td></td>
<td>0.826</td>
<td></td>
</tr>
<tr>
<td>Task was more difficult than expected</td>
<td></td>
<td></td>
<td>0.614</td>
<td></td>
</tr>
<tr>
<td>Problems convincing others of idea</td>
<td></td>
<td></td>
<td>0.565</td>
<td></td>
</tr>
<tr>
<td>Uncertainty of the future</td>
<td></td>
<td></td>
<td>0.443</td>
<td></td>
</tr>
<tr>
<td>Lack of savings or assets</td>
<td></td>
<td></td>
<td>0.766</td>
<td></td>
</tr>
<tr>
<td>Difficulty in obtaining finance</td>
<td></td>
<td></td>
<td>0.703</td>
<td></td>
</tr>
<tr>
<td>Lack of managerial/financial expertise</td>
<td></td>
<td></td>
<td>0.524</td>
<td></td>
</tr>
<tr>
<td>Lack of marketing skills</td>
<td></td>
<td></td>
<td>0.518</td>
<td></td>
</tr>
<tr>
<td>Eigenvalue</td>
<td>8.07</td>
<td>1.44</td>
<td>1.28</td>
<td>1.00</td>
</tr>
<tr>
<td>Percentage of variance explained</td>
<td>44.8</td>
<td>7.97</td>
<td>7.13</td>
<td>5.16</td>
</tr>
<tr>
<td>Cumulative percentage</td>
<td>44.8</td>
<td>52.8</td>
<td>59.9</td>
<td>65.1</td>
</tr>
<tr>
<td>Cronbach alpha</td>
<td>0.86</td>
<td>0.77</td>
<td>0.73</td>
<td>0.81</td>
</tr>
</tbody>
</table>

Only loadings > 0.5 are shown
and receive a salary based on merit, which is of equal importance to the desire for autonomy in setting hours, work location and self-direction.

Comparison of urban and rural respondents
To gauge an understanding of how rural and urban-based respondents viewed these factors a binary logistic regression analysis was undertaken. The presence of a dichotomous dependent variable precluded the use of linear regression. The chosen form of analysis for the study was logistic regression. Logistic regression is suitable when a categorical variable is regressed against any combination of discrete and continuous variables.43 It identifies the variables that classify membership of one or the other groups, which comprise the dependent variable. In this case it was used to identify the characteristics that classified membership of either urban or rural respondents.

The nine factors identified from the factor analysis were regressed on the dichotomous dependent variable. The SPSS Logistic Regression procedure was used to develop the model. A total of 230 of the 253 cases in the sample were used to estimate the model. Twenty-three cases were not included because their responses were missing data for one or more of the variables. The final model, which contained six significant terms, is shown in Table 39.5. All these factor variables were significant at the 0.05 level. After six steps the model produced a $-2 \log$ likelihood of 186.41 with an $R$-square of 0.56, suggesting a modest predictive ability.

The variables in the model were the factors market opportunity, status, creativity, autonomy, risks & costs, and finance & skills. The model suggests that rural and urban cases can be differentiated in terms of these factors with each positive coefficient indicating that rural cases were more likely to be influenced by these triggers and barriers than their urban counterparts. An examination of the mean scores for each sub-population using an independent samples $t$-test procedure confirmed this. Rural-based cases were found to be significantly more likely to rate the triggers market opportunity and autonomy higher in overall importance than their urban counterparts. At the same time, they rated the barriers risks & costs and finance & skills of greater importance. Both trigger factors of status and creativity were found to have negative coefficients and $t$-tests could not find

<table>
<thead>
<tr>
<th>Factor variable</th>
<th>Mean</th>
<th>Std. dev</th>
<th>$t$-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Creativity (trigger)</td>
<td>4.26</td>
<td>0.62</td>
<td></td>
</tr>
<tr>
<td>2 Money (trigger)</td>
<td>4.11</td>
<td>0.83</td>
<td>2.27*</td>
</tr>
<tr>
<td>Autonomy (trigger)</td>
<td>3.98</td>
<td>0.79</td>
<td></td>
</tr>
<tr>
<td>3 Risks and costs (barrier)</td>
<td>3.50</td>
<td>1.00</td>
<td>6.44*</td>
</tr>
<tr>
<td>Finance and skills (barrier)</td>
<td>3.47</td>
<td>1.12</td>
<td></td>
</tr>
<tr>
<td>4 Hard reality (barrier)</td>
<td>3.26</td>
<td>1.01</td>
<td>3.17*</td>
</tr>
<tr>
<td>Market opportunity (trigger)</td>
<td>3.16</td>
<td>1.02</td>
<td></td>
</tr>
<tr>
<td>Support and information (barrier)</td>
<td>3.06</td>
<td>1.13</td>
<td></td>
</tr>
<tr>
<td>5 Status (trigger)</td>
<td>2.65</td>
<td>1.20</td>
<td>4.82*</td>
</tr>
</tbody>
</table>

Note: * indicates significant at the 5% level between the mean scores above and below the broken line.

Table 39.4 Relative importance of the factors
significant differences between urban and rural cases on these items. An examination of
the goodness of fit of the model found that it correctly classified 83 per cent of the 230
cases used in the analysis. These results suggest that the model estimated by the regression
analysis was statistically reliable.

Comparison of Aboriginal and non-Aboriginal respondents

A further logistic regression model was produced to examine the relationship between
Aboriginal and non-Aboriginal cases. A total of 220 of the 253 cases in the sample were
used to estimate the model. The remaining cases were excluded owing to missing data for
one or more of the variables. The final model, which contained five significant terms, is
shown in Table 39.6. All these factor variables were significant at the 0.05 level. After six
steps the model produced a –2 log likelihood of 66.23 with an R-square of 0.71, suggest-
ing the model has good predictive ability.

In this model the trigger factors were once again market opportunity, status, creativity,
and money, while the sole barrier factor was hard reality. As shown by the coefficients the
model suggests that Aboriginal people are more likely to be influenced by opportunities in
the market, the chance to increase their social status and the barrier of facing the fear of
failure and convincing others of the merits of their idea. The goodness of fit of the model
found that it correctly classified 93 per cent of the 220 cases used in the analysis. These
results suggest that the model estimated by the regression analysis was statistically reliable.

Comparison of owner–managers and non-owner managers

A final logistic regression model was produced to examine the relationship between
persons who had already launched a business venture or were established owner–managers

<table>
<thead>
<tr>
<th>Table 39.5 Logistic model for urban and rural cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model term</td>
</tr>
<tr>
<td>Market opportunity (trigger)</td>
</tr>
<tr>
<td>Status (trigger)</td>
</tr>
<tr>
<td>Creativity (trigger)</td>
</tr>
<tr>
<td>Autonomy (trigger)</td>
</tr>
<tr>
<td>Risks and costs (barrier)</td>
</tr>
<tr>
<td>Finance and skills (barrier)</td>
</tr>
<tr>
<td>Constant</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 39.6 Logistic model for Aboriginal and non-Aboriginal cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model term</td>
</tr>
<tr>
<td>Market opportunity (trigger)</td>
</tr>
<tr>
<td>Status (trigger)</td>
</tr>
<tr>
<td>Creativity (trigger)</td>
</tr>
<tr>
<td>Money (trigger)</td>
</tr>
<tr>
<td>Hard reality (barrier)</td>
</tr>
<tr>
<td>Constant</td>
</tr>
</tbody>
</table>
of small firms, and those who were not. A total of 224 of the 253 cases in the sample were used to estimate the model. The remaining cases were excluded because of missing data for one or more of the variables. The final model, which contained two significant terms, is shown in Table 39.7. All these factor variables were significant at the 0.05 level. After two steps the model produced a –2 log likelihood of 293.42 with an R-square of 0.09, suggesting the model’s predictive ability is not strong.

In this model the trigger factor was status, while the barrier factor was risks & costs. As shown by the coefficients, the model suggests that owner–managers are less likely to be influenced by status as a trigger but more likely to consider the barrier of risks and costs of launching a new venture than their counterparts who have not had the experience of owning and managing a business. The goodness of fit of the model found that it correctly classified 65 per cent of the 224 cases used in the analysis. These results suggest that the model estimated by the regression analysis was statistically reliable.

**Discussion of findings**

These three regression models suggest that significant differences can be found between the community groups comprising the various sub-populations contained within the sample. Table 39.8 shows the factor variables associated with each community group as identified by the logistic regression models. The table shows whether the factor variable had a positive or negative coefficient. It can be seen that the rural community group was differentiated from the urban group by the barriers associated with finance & skills and risks & costs, as well as the triggers market opportunity and status. While rural communities are likely to have as much desire for creative ambition and a desire for independence, they may suffer from difficulties in obtaining new venture financing and management or marketing skills. Analysis of the findings from the rural community sample undertaken in an earlier study found that this was a particular concern among younger age groups (e.g. under 40 years old) who also indicated problems in finding suitable education and training programs in their local area. In a similar way, rural communities might also face increased difficulties in relation to the risks and costs associated with launching a new venture. Rural communities, particularly those experiencing economic stagnation or decline, pose potentially greater market risks than might be found in urban settings. Higher costs of operation caused by geographic distance from major population centres may also be an issue, although these may be offset by lower costs of land and rents.

For the Aboriginal community the chance to follow a potential market opportunity may be offset by the hard reality of overcoming a fear of failure, gaining support from others for the idea and taking on the challenge of the task itself. Australian Aboriginal communities are largely marginalised both socially and economically and the chance of self-employment is likely to be seen by many as a means of increasing their social status. This

<table>
<thead>
<tr>
<th>Model term</th>
<th>Coefficient</th>
<th>Significance level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status (trigger)</td>
<td>–0.47</td>
<td>0.000</td>
</tr>
<tr>
<td>Risks and costs (barrier)</td>
<td>+0.38</td>
<td>0.034</td>
</tr>
<tr>
<td>Constant</td>
<td>+0.53</td>
<td></td>
</tr>
</tbody>
</table>
is to be compared with the non-Aboriginal population who generally rate status as being of least importance as a trigger. However, this social and economic marginalisation is likely to make the hard reality of launching a new venture even greater than for non-Aboriginal communities. For example, in the rural community from which the sample was drawn, the majority of respondents were employed within community enterprise schemes designed to provide unemployment relief. Unlike the non-Aboriginal community who could frequently point to family or friends who had experience of self-employment, the Aboriginal community had few such role models.

In terms of the differences between those who were already owner–managers and those who were not, the focus appears to be on their assessment of risks & costs and the relative importance of self-employment as a means of enhancing status. The owner–manager group might be expected to view risk and cost in a more objective manner given their direct experience with operating another business venture. However the real point of difference is in the area of status, where the owner–managers were much less likely to see the creation of a new venture as a source of social status.

These findings suggest that, while the trigger and barrier factors to new venture creation are likely to be viewed in a similar manner across different community groups, there are some differences between them. Such differences as can be found appear to be related less to forces internal to the individual, and more to forces shaped by external environmental influences. As discussed above, the individual seeking to launch a new venture in a rural community is likely to face more barriers from lack of access to financing, business skills and the risks associated with establishing a business in a small, perhaps economically stagnant or declining, region. The closure of banks and the lack of business support services such as accountants can further impede the new venture creation process in rural communities. This was the situation in the rural community from which the sample was drawn. This community had lost its town banking service two years prior to the survey being conducted and had to create a community bank which it ran in partnership with an adjacent rural shire. Despite this the community lacked full commercial banking services and had no locally based bookkeeping or accounting services, forcing the business community to travel over 100–200 kilometres to larger towns for such support.

For marginalised social and economic groups such as indigenous populations the challenges of launching a new venture can be further compounded by lack of experience

<table>
<thead>
<tr>
<th>Community group</th>
<th>Positive factor variables</th>
<th>Negative factor variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rural–urban</td>
<td>Finance and skills (barrier)</td>
<td>Creativity (trigger)</td>
</tr>
<tr>
<td></td>
<td>Risks and costs (barrier)</td>
<td>Autonomy (trigger)</td>
</tr>
<tr>
<td></td>
<td>Market opportunity (trigger)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Status (trigger)</td>
<td></td>
</tr>
<tr>
<td>Aboriginal–non-Aboriginal</td>
<td>Market opportunity (trigger)</td>
<td>Creativity (trigger)</td>
</tr>
<tr>
<td></td>
<td>Hard reality (barrier)</td>
<td>Money (trigger)</td>
</tr>
<tr>
<td></td>
<td>Status (trigger)</td>
<td></td>
</tr>
<tr>
<td>Owner–managers/non-owner–managers</td>
<td>Risks and costs (barrier)</td>
<td>Status (trigger)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
within the community of entrepreneurship, and the difficulties associated with overcoming the hard reality of establishing a viable business in an environment in which the indigenous culture lacks understanding of the new venture creation process, and the mainstream culture may be sceptical or even hostile to indigenous-owned enterprises. The allure of enhanced social status may be a major trigger for indigenous nascent entrepreneurs, however the more pragmatic view of the experienced owner–manager suggests that the real focus should be on the risks and costs of setting up the new venture.

**Recommendations for policy makers**

From a policy perspective the process of encouraging new venture creation in rural and urban communities requires attention to be given to a dual track approach that focuses simultaneously on the two ends of a continuum. At one end is the individual nascent entrepreneur, at the other is the industry within which this individual is seeking to establish and operate their business. When seeking to develop policies to support the new venture creation process, attention should be given to the personal circumstances and environmental context of the individual entrepreneur, not their firm. While planning the venture is an important issue, of greater importance is determining the needs of the nascent entrepreneur with regard to overcoming possible barriers while focusing their attention on key triggers. At the other end of the continuum is the need to focus on industry development policies that can enhance the *market opportunity* factors and reduce the *risks & costs*.

In seeking to understand the importance of this issue, public policy should acknowledge that entrepreneurs come in several varieties and each type is likely to require different policy responses. The first consideration in this taxonomy is whether the entrepreneur is driven by opportunity or necessity. By nature, necessity entrepreneurs tend to be undercapitalised and lacking in strong market or product development capability. Such nascent entrepreneurs are likely to be driven by trigger factors associated with *money* and *status*. This compares with the opportunity entrepreneur who is more likely to be motivated by the triggers of *creativity* and *market opportunity*. Such individuals are typically among those that develop sustainable, growth-focused businesses with the potential to employ.

Also of importance is how experienced the nascent entrepreneur and their immediate social milieu is in terms of business. For individuals who can draw upon the experience of family or friends as role models or potential advisors, the barrier factors of *risk & cost*, *finance & skills* and *hard reality* can be more readily faced and overcome. Business advisory services within regional communities can provide substantial assistance to nascent entrepreneurs but must be capable of addressing more than just the regulatory and compliance issues associated with planning the new venture. Of greater importance is the need to address the mental orientation or attitudes of the nascent entrepreneur. Advisory agencies must be willing and capable of providing supportive counselling and mentoring services designed to overcome such barriers as fear of failure, lack of skills and even lack of family and community support. As this study suggests, the need for such advisory services is likely to be greater in rural communities and among socially and economically marginalised groups such as indigenous communities. In these circumstances the enterprise support agency needs to be staffed, trained and supported to tackle what might be an intensive level of counselling and mentoring of nascent entrepreneurs. Attention should be given to policies that encourage and reward successful, experienced small business
owner–managers to network with other like-minded entrepreneurs both within their region and nationally. Government agencies should encourage collaborative networking among successful entrepreneurs in order to foster innovation and competitive benchmarking. Where possible, the nascent and novice entrepreneur should be partnered with an experienced colleague to assist in their personal and professional development. While this is not an easy process, the ability to match nascent and novice entrepreneurs with experienced owner–managers is likely to have a significant impact on the establishment and survival rates of these new ventures.

At the other end of the continuum, government policy should concentrate on establishing focused industry programs to encourage the growth of existing industries and the enhancement of innovation and international competitiveness. Assistance should be provided to all industries not just political favourites. Of particular importance to new venture creation is the provision of reliable information for nascent entrepreneurs on the outlook for specific industry sectors, anticipated changes in market structure, competitiveness issues and benchmark data to assist owners to measure business performance and aid planning. Such data are frequently difficult to acquire or involve substantial cost or time. Publicly funded agencies tasked with encouraging new venture creation should collaborate with industry and government partners in collecting and collating such data, and translating them into usable reports.

Finally attention should be given to indigenous enterprise to enhance the self-employment capacity of such communities and reduce dependency on government income support. Our own research within the Australian Aboriginal community suggests that there is strong desire and ability to achieve employment and even self-employment. However Aboriginal people generally have less family and personal experience of self-employment. Aboriginal people are more likely to experience significant barriers from a lack of business skills and confidence and securing finance and family support than non-Aboriginal people. Their ability to secure effective business support and information in the form of mentoring and training is likely to be critical to success. Further, such problems are likely to be typical of indigenous communities throughout the world. In addressing such needs, enterprise development agencies need to possess indigenous counsellors and mentors, while maintaining a good understanding of the social and cultural context in which the indigenous nascent entrepreneur is located.

Conclusions and limitations
This chapter has outlined the findings of a study that analysed the differences between urban and rural community groups, indigenous and non-indigenous groups as well as owner–managers and non-owners of small firms in terms of their perceptions of a series of triggers and barriers to new venture creation. The study found that significant differences exist between such groups, and that such differences appear to be associated more with environmental than with personal characteristics. The study has several limitations. First, the two samples that comprised the database used for this analysis were drawn at different time periods, thereby creating the possibility of external environmental factors influencing the findings. Second, the cross-sectional nature of the surveys used in the research design fails to capture fully the complex process associated with new venture creation. Third, the sample was drawn within a single country and the rural sample from a single shire area.
Despite these limitations the study suggests that nascent entrepreneurs within rural and urban contexts, or from different sociocultural groups, may require different types of assistance with respect to new venture creation. While there may be a generic level of support required in relation to planning the venture itself, the enterprise support agency or advisory service is likely to need customisation to meet the specific needs of rural or indigenous communities. In these contexts the focus is likely to be upon a more person-alised counselling and mentoring service, building the confidence of nascent entrepre-neurs and helping them to overcome barriers while focusing on key triggers to motivate them to launch the new venture. While the need for such counselling and mentoring assistance is already recognised by those advisory services that seek to operate in rural or indigenous communities, there is little systematic attention given to this need and how best to deliver such assistance. Future research should focus on examining best practice examples of new venture creation within rural and indigenous communities with lessons learnt for future policy frameworks.

Notes
37. Mazzarol, T.W. et.al. (1999), op. cit, n. 6.
42. Volery et al. (1997), op. cit, n. 35.
45. Ibid.
Introduction
The impact of European settlement on indigenous Australia over the past two centuries has been significant, and largely detrimental. Indigenous communities in Australia are still among the most socially and economically disadvantaged in the developed world despite substantial financial investment by federal and state government authorities in indigenous education, health and housing programmes. This chapter builds on research undertaken into the economic impact on the Western Australian economy of the Noongar Aboriginal community. It suggests that the collective economic value of this community is significant, but remains trapped in a welfare paradigm when a pragmatic economic approach is required.

The reconciliation dilemma
Economic and social disadvantage within the Australian Aboriginal and Torres Strait Islander indigenous communities is significant, with higher rates of unemployment, underemployment, welfare dependency and chronic health problems than any other group within Australian society (Foley, 2003). Contrary to popular perception the indigenous population in Australia is highly urbanized, with around 73 to 75 per cent living in major cities or regional centres (Altman, 2000; MCATSIA, 2004). Although a minority of indigenous communities follow traditional, subsistence lifestyles, the majority seek to participate in the mainstream economic and social frameworks of contemporary Australia. Yet, despite this need and desire for mainstream economic participation, the pattern of labour force participation among indigenous communities has been one of decline (Taylor, 2003).

The social and economic disadvantage of indigenous Australian communities blights an otherwise admirable economic and social track record for Australia, and poses a major long-term challenge for the nation. Failure to address the problems of the Australian indigenous community will result in further social and political dysfunction within the national psyche and serve as a cancer within the body politic. Economic self-determination via employment, enterprise and entrepreneurship is a key to the long-term reconciliation of indigenous with non-indigenous Australia. Achieving this goal will require enhanced school-to-work transition programs, mentoring and support networks, greater involvement by the private sector in indigenous organisations and enhanced indigenous enterprise activities (MCATSIA, 2004).

Within mainstream Australian society the key to social and economic well-being is meaningful employment. Wealth is the primary measure of status within Australian society and wealth is an outcome of employment, which is, in turn, closely related to educational attainment. At least three primary structural barriers have been identified as restricting greater
employment and economic participation among indigenous Australians: (i) lack of education qualifications and skills development; (ii) poor employment opportunities within indigenous communities; and (iii) marginalisation and exclusion from mainstream society (ibid.).

Regrettably the participation rates among young indigenous people are well below those of non-indigenous Australians. However, even when education and training is provided there are few job opportunities available to indigenous Australians, who frequently face latent or open racial prejudice. This prejudice is often from both within and outside the indigenous community. For example, Aboriginal people who have succeeded in professional or business circles find themselves ostracised by their own communities for their success, while failing to be fully accepted in the mainstream community (Foley, 2003).

Integrating the indigenous community into the mainstream social and economic life of Australian society should be one of the nation’s highest priorities. However, while there is widespread consensus over the need for such an outcome, there remains uncertainty over the most effective pathways to achieve this. Entrepreneurship and enterprise are important vehicles for economic self-determination within mainstream Australian society, and they apply equally to indigenous communities. However, significant differences exist between indigenous and non-indigenous Australians that require the creation of effective enterprise and entrepreneurship frameworks that can achieve sustainable reconciliation based on economic self-determination.

This chapter focuses on the Noongar Aboriginal community of Western Australia and their opportunities to secure economic self-reliance over the long term through the leveraging of their collective wealth. As the traditional owners of the most fertile and now densely populated regions of the state, the Noongar have also suffered the greatest social and cultural dislocation as a result of European settlement. Nevertheless the Noongar are in the best position of all WA indigenous people to increase substantially their participation in the economy and achieve sustainable reconciliation through enhanced wealth creation. The majority of the Noongar live in areas of strong economic growth and amongst a non-indigenous workforce that is rapidly aging. The concept of ‘Noongar Nation’ is now beginning to stir a sense of cultural pride and awareness among Noongar youth as they seek to reclaim their community cohesiveness in the wake of the Stolen Generation.

As this chapter shows, the Noongar community possess significant economic power, but this will only be unlocked through the application of sound business practices.

**Government policy on indigenous economic development**

The period 1998–2003 was one of profound reflection by government and the indigenous community on the failure of policies and programs, and the actions of the market economy to address indigenous economic and social disadvantage. For example, in March 1998, the Federal Minister for Aboriginal Affairs released a discussion paper, ‘Removing the Welfare Shackles’ to explore a way forward. The paper reported on the experience of Canadian indigenous business programs where the emphasis was on building investment income that could fund further investments or be distributed to people in place of welfare dependency. An outcome of this process was the formation of the Indigenous Business Australia (IBA) model based on its counterpart in North America, the Aboriginal Business Canada (ABC). The IBA was designed to invest in commercially viable investments, promote joint ventures, provide grants and loans, provide indigenous housing
loans, hold Aboriginal and Torres Strait Islander land trust funds and promote the establishment of an indigenous bank (DIMIA, 1998).

In response to the formation of the IBA, the Aboriginal and Torres Strait Islander Commission (ATSIC) commissioned its own report, ‘Getting on with Business’ (ATSIC, 1998). This report rejected the IBA proposal in favour of a partnership-based model seeking to integrate the existing economic development work of ATSIC with the private sector. This new approach included improved access by indigenous people to mainstream banking services and an emphasis on employment as the main outcome of economic development (as opposed to wealth creation). It also suggested the use of collective negotiating power to influence the financial institutions in supporting indigenous people and businesses with finance. Highlighting their track record in indigenous enterprise creation, ATSIC proposed the formation of an Indigenous Business Equity Fund, which would serve as a venture capital provider open to indigenous land councils and other investors.

The debate over the merits of these two arguments led the Federal Government to establish the IBA under the ATSIC Act in November 2000 (Parliamentary Library, 2000). In response, ATSIC joined with the Business Council of Australia (BCA) to commission a report, ‘Indigenous Communities and Australian Business’ (Allen Consulting Group, 2001). This highlighted the economic and social problems facing the Australian indigenous community and the role small business and regional cooperatives play in creating jobs. It noted international efforts to enhance entrepreneurship via small business creation within indigenous communities, and the poor track record of such venture creation in Australia. Also noteworthy was the low commitment of Australian business to anything that does not match their strategic interests.

A key problem in the creation of partnerships between the business community and the indigenous community in Australia has been the issue of control. In most business partnerships with indigenous communities control lies with the private sector partner rather than the indigenous community. This creates the risk of exchanging government welfare for corporate welfare. It is a problem being recognised in the mining and resources sector in which employment creation schemes for indigenous communities, developed as a part of the native titles agreements, have degenerated into welfare.

The need for the business community to play a stronger role in social and economic development through community capacity building was highlighted in the McClure Report (2000). This pointed to the need for business to recognise it had a ‘mutual obligation’ to work with government and community groups to address social and economic disadvantage. Despite these reports the situation for indigenous Australia has continued to deteriorate relative to the overall prosperity of the mainstream population. Federal Government funding to indigenous communities has been substantial, yet it has lacked reliable outcomes-focused measures, and has suffered from duplication and dispersal of effort (CGC, 2001). A key example of this has been the Community Development Employment Project (CDEP) schemes. While well intentioned and sometimes generating successful, sustainable business ventures and employment opportunities, many projects are essentially a work for the dole measure. In June 2002 there were 34,184 indigenous Australians engaged in CDEP projects with the majority unable to find work outside such schemes. Without CDEP, indigenous unemployment rates would have been around 45 per cent (SCRGSP, 2003).

An examination of the general pattern of indigenous employment by industry shows a bias with 40 per cent of jobs located in the government administration, education, health
and community services sectors with minimal involvement in the finance and insurance industries (ibid.). Western Australia has the dubious honour of having the lowest ratio of indigenous to non-indigenous self-employment, with only 12 per cent of its massive land area owned or controlled by and for indigenous people (ibid.). It has been the policy of the WA Department of Indigenous Affairs (DIA) to promote the process of community capacity building through government partnerships with indigenous communities. This has achieved some success and has concentrated on family groups via local land councils in conjunction with ATSIC (DIA, 2002). However, much of the focus of the WA State Government’s indigenous policy has been aimed at health, education and housing for remote communities. These areas of basic need remain poorly served within the state, with around 8 per cent of indigenous households having ten or more occupants (ibid.). The indigenous community of Western Australia remains severely disadvantaged, with 66 per cent earning less than $21 000 per annum and 40 per cent earning less than $11 000 per annum. CDEP-related work accounts for 46 per cent of all indigenous employment within the state (DOIR, 2004).

Western Australia’s State Government is essentially pursuing parallel indigenous affairs policies to that of the Commonwealth, although the state has significant issues to address in terms of an effective 60 per cent unemployment rate among its indigenous people, and geographic isolation of remote communities. There remains some opportunity for employment within the mining and resources sector which has enjoyed a boom in recent years. However such jobs are also linked to mine life and can quickly disappear with a downturn in commodity prices or the inevitable running down of the ore body. Over the period of the 1990s the ‘hollowing out’ of Australian society has resulted in a shrinking of middle-income families and a growing gap between the wealthiest and the most disadvantaged in the community that has particularly affected regional and rural Australia (Lloyd, Harding and Hellwig, 2000). Indigenous Australians have been the most severely disadvantaged by this trend with CDEP and unemployed people comprising the majority of the lowest income groups in the nation (Jones, 2003).

**Indigenous enterprise and entrepreneurship**

Cornell and Kalt (1992) identified four internal assets that can be used by indigenous communities to advance their economic development: (i) ownership of natural resources; (ii) human capital skills; (iii) institutions of governance; and (iv) art, music and culture. Utilising these resources the community can develop either an internally or externally focused strategy, either addressing needs internal to the community, or seeking to engage actively with the external mainstream economy. Cameron (1998) examined semi-autonomous American Indian tribal development corporations, noting that they were often impeded by tribal politics, lack of external investment and indigenous management expertise. It was concluded that indigenous business enterprises must remain free from tribal political interference and free to pursue sustainable business models while still addressing community need.

The experience of indigenous corporations in Canada and the United States has highlighted the importance of running along pragmatic business guidelines with effective management teams and corporate governance structures that can provide confidence to external non-indigenous investors (SFNS, 2002; MACC, 2004). This has led to the formation of a number of well-structured indigenous corporations and even financial institutions such as
the Native American Bank of Alaska, a commercial bank that finances large indigenous business ventures using capital acquired via tribal trusts and the general banking sector through the Community Reinvestment Act compliance (NAB, 2003).

Canada has a similar indigenous profile to Australia, with high levels of indigenous unemployment and a concentration of employment into the government and social services sectors. Seventy-five per cent of Canadian indigenous businesses are micro-enterprises comprising a sole trader or at best a single employee (INAC, 2002a). Canada also operates a CDEP scheme comprising 505 Community Economic Development Organisations (CEDO); however, unlike their Australian counterparts, these provide business planning and support services and micro financing loans as well as training for indigenous enterprise projects. CEDO have also taken equity positions in private and community enterprises. The success of such schemes may be measured in an indigenous enterprise start-up rate within Canada that exceeded non-indigenous start-ups at a rate of 105 per cent over the period 1994 to 2001. Many of these businesses are joint ventures with non-indigenous private enterprises and encompass all industry sectors (INAC, 2002b). Aboriginal cooperative organisations in Canada have also proved successful in fostering economic growth, responsibility sharing and encouraging accountability, particularly in the distribution and management of large sums of money generated from land titles settlements (Ketilson and MacPherson, 2001).

While the experience of North American indigenous enterprise development has many useful lessons for Australia, it must be acknowledged that many of these models have been developed for largely rural tribal reserves comprising homogeneous communities. Such models are less applicable to indigenous communities located in urban areas who are frequently scattered in relatively small family units throughout the broader population (Wherrett and Brown, 1994). This is the common situation found in Australia where the majority of indigenous people live in the cities and major towns. Of concern is evidence that variations in employment rates between indigenous and non-indigenous people in Australia can only be partially explained by such factors as education, skills, location, language or family status (Altman, 2000). Of much greater importance is racial discrimination by business toward the indigenous community. For example, the Northern Territory, despite above-average economic growth and substantial government efforts to boost indigenous employment, experienced a fall in workforce participation rates among Aboriginal people. The only area of employment growth for indigenous people was in the Commonwealth public service (Taylor, 2003).

Australian indigenous communities are characterised by relatively high levels of labour mobility, albeit within relatively confined geographic areas. This mobility appears to be driven in part by high job turnover relating to seasonal employment patterns, high levels of part-time and casual employment as well as very high levels of youth unemployment (Hunter, 2004). Self-employment among Aboriginal Australians is also low. In 2001, less than 5 per cent of Australia’s indigenous workforce were employers or self-employed, significantly below rates found among non-indigenous communities (ibid.). Such low rates of entrepreneurial activity may reflect a lack of access to finance, but this alone cannot fully explain the dismal performance of indigenous Australians in entrepreneurial activities. By contrast immigrant communities who have also suffered social and economic alienation from mainstream society, and a lack of easy access to financing, have overcome such impediments through micro and small business ventures supported
by internal group markets and a capacity to concentrate on niches within the labour market (McDonald, Thomas and Duczynski, 2002).

Hindle and Rushworth (2002) have suggested that entrepreneurship has the potential to redress the welfare dependence of indigenous communities by offering economic empowerment while respecting traditional culture. Indigenous entrepreneurship does not have to involve solely new venture creation, but can include joint ventures with non-indigenous partners. It can also encompass for-profit, not-for-profit and government enterprise structures. Given the social and economic disadvantage within indigenous communities, a mix of all three forms of enterprise activity is often appropriate. However research into indigenous entrepreneurship within Australia is scant.

Foley (2003) has concluded from his research of indigenous Australian entrepreneurs that key factors influencing their success were the personal motivation to ‘correct negative social perceptions and resultant social stratification based on race’. In essence their enterprise creation activity was strongly motivated by a desire to overcome negative racial stereotyping. However these same individuals risked losing the support of their own communities and culture as financial success draws them away from the mainstream of indigenous social norms. Mazzarol (2003) found that nascent indigenous entrepreneurs were as motivated to follow a market opportunity as their non-indigenous counterparts as a trigger factor to new venture creation, but placed significantly higher weighting on social status. While the desire to achieve enhanced social status was a major trigger for nascent indigenous entrepreneurs, the key barrier was the ‘hard reality’ of overcoming fear of failure, securing the support of others, and taking on the challenge of the task itself with limited knowledge and skills.

Noongar nation as an economic force
The Noongar community comprises the indigenous population who are the traditional owners of the lands encompassing the southwestern part of Western Australia that stretch from Geraldton to Esperance. The Noongar trace their history back at least 45 000 years, with evidence of human habitation of the Perth and Albany regions. While estimates of the Aboriginal population at the time of European settlement are inconclusive, there appear to have been substantial numbers living around the Swan and Murray River areas, and spread throughout the southwestern forests and coastal regions. Tensions between the Noongar and British colonists emerged from the earliest years of the European settlement, with killings taking place on both sides from 1831 that resulted in sweeps by the military and police against the Swan and Murray River tribes. Noongar warrior Yagan became a prominent outlaw and led a degree of resistance to white settlement, ultimately suffering imprisonment and murder (Cormick, 1997).

As European settlement spread into the Murray River and Peel Estuary south of Perth, the Noongar from this area began to clash with the British, resulting in the military and police action known as the ‘Battle of Pinjarra’ in 1834 that saw the killing of up to 30 Noongar, including women and children (Windschuttle, 2001). From the 1840s, the Western Australian colonial government passed a series of laws designed to control the Aboriginal population, which served to limit their freedom of movement, strip away their language and culture, and confiscate their lands. By 1901, it has been estimated that the population of Noongar had fallen to as few as 1500. In 1905, the Aborigines Act brought all Noongar under government control and required the people (who possessed no citizenship or voting
rights) to concentrate on specified Aboriginal reserves. Children of mixed race were forcibly removed and relocated with non-indigenous families to be trained as domestic workers. By 1915, about 15 per cent of the Noongar population was forced to relocate to the Moore River Native Settlement, 100 kilometres north of Perth and far from their traditional lands. The policy of removing mixed-race children from their parents continued until 1963 and caused significant social and psychological trauma to those affected. It was not until 1967 that the Noongar, along with other indigenous Australians, secured full citizenship rights. By the mid-1970s, the indigenous land rights movement had gathered momentum and this led to the 1992 Mabo decision that reversed the concept of ‘terra nullus’ (a land owned by no one) and resulted in the 1993 Federal Native Title Act (SW ALSC, 2004).

An investigation into the economic impact of the Noongar People on the Western Australian economy in 2004 found that, while the social and economic marginalisation of the community has been as bad as most other indigenous communities in Australia, the Noongar were in the best position of all the State’s indigenous people to ‘substantially increase their participation in the economy’ (Ord, 2004). In the period 2004–05 annual direct income flows to the Noongar community in WA were estimated at $359 million, of which $75 million was business income. Indirect income to the Noongar community was estimated at an additional $318 million, and the total assets for the community were estimated at some $442 million (ibid.). In essence the Noongar community contributes around $500 to $700 million per annum to the Western Australian economy.

The research undertaken for this study was commissioned by the South West Aboriginal Land and Sea Council (SWASLC), which is the main representative organisation for Noongar traditional owners of the south-west of Australia. Its goal is to unite all Noongar people to achieve recognition for their common land title and cultural heritage. Representing 27 000 people within 218 family groups, SWALSC has a central aim of economic independence. As part of the claim, SWALSC has developed a comprehensive economic development strategy for the Noongar community. The study was completed in 2004 and suggested that the Noongar community should seek a target of creating an additional 4000 jobs over the next seven years and around 40 new Noongar business ventures each year, of which 20 would be in the Perth metropolitan area and the other 20 in regional areas of the state’s southwestern regions. According to this analysis, ‘This level of outcome is needed if the current disadvantage is to be addressed’ (ibid.).

The creation of 4000 new jobs and 280 new business ventures over a seven-year timeframe, while not an unrealistic goal, will require a significant adjustment to the existing enterprise support networks within Western Australia. It will require enhanced entrepreneurship and enterprise education and mentoring schemes aimed specifically at the needs of the indigenous community. To facilitate this process it will be necessary to identify new enterprise and entrepreneurship frameworks that are appropriately tailored to the specific needs of the indigenous community.

Noongar country encompasses five economic regions within Western Australia, namely the Perth metropolitan area and the Peel, South West, Great Southern and Wheatbelt regions. Over the period 1996 to 2001, the annual economic growth rates of these regions were respectively Perth (3 per cent), Peel (5.8 per cent), South West (3.6 per cent), Great Southern (–1.4 per cent) and the Wheatbelt (–4.8 per cent) (Brain, 2004). Noongar population concentrations are most heavily focused on the Perth metropolitan region and the Wheatbelt. In 2001, Noongar unemployment rates were 3.5 times the average of the
non-indigenous community with average individual weekly income levels of $344, compared to $576 for non-indigenous people (ABS, 2001a). Perhaps a more critical measure is the level of home ownership among Noongar, with only 9 per cent owning property and 58 per cent renting (ABS, 2001b). Home or property ownership remains a critical issue for future economic self-determination and entrepreneurship. Without access to equity in property, Noongar will find it difficult to gain access to bank financing for future business ventures.

**Noongar participation in the WA economy**

The Noongar community participate in the Western Australian economy both directly and indirectly. Direct economic influences comprise Noongar workforce participation and participation in CDEP projects, the individual and household expenditure of the community, and the ownership of property and other assets. Indirectly the Noongar community has a major impact on State Government policy across a wide range of ministerial portfolios including housing, health, education, justice and police. This leads to the expenditure of public funding on schemes designed to address economic or social disadvantage.

The Noongar workforce is more likely to be part time than full time within the WA economy owing to the high level of CDEP-related employment activity. For example, in 2001, the rate of unemployment within the Noongar community was 26 per cent, as compared with the non-indigenous community of Western Australia which was only 7.6 per cent (ABS, 2001a). However the average age of the Noongar was 19 years, while that of the whole WA population was 34 years. This relatively young population produces a demographic disparity between the Noongar and the mainstream communities. Providing meaningful employment opportunities for this young Noongar population will be a major challenge for the WA economy over the next decade.

Within the Perth metropolitan region, 53 per cent of Noongar are employed in low-skilled occupations, with 34 per cent employed in government, health and education sectors (ABS, 2001b). The pattern of Noongar employment in the regional areas of WA is similar to that of Perth, although agriculture comprises a much higher proportion of the total, at around 9 per cent. An analysis of the general employment patterns for Noongar labour market participation suggests they are consistent with national trends, indicating systemic rather than localised reasons for any variance between indigenous and non-indigenous employment rates. The bias toward public sector employment among indigenous communities is an Australia-wide phenomenon. Future employment creation schemes for Noongar will need to concentrate on the private sector to reduce unemployment and build wealth within the community.

Self-employment, particularly small business ownership, is a major source of wealth creation among Western Australians. There are an estimated 139 500 small businesses in WA, of which 61.5 per cent are single operator micro-enterprises with no employees (ABS, 2004). Many of these micro-enterprises are operated by self-employed tradespeople and it is in this area that the lowest level of Noongar workforce participation is to be found. Noongar participation in self-employment and small business is limited by an absence of trade qualifications and a lack of personal equity and start-up capital, particularly home ownership.

As noted above, the CDEP projects provide a high proportion of the employment for the Noongar. Five CDEP organisations are active within the Noongar community: the
Perth Employment and Enterprise Development Aboriginal Corporation (PEEDAC) Pty Ltd; Kaara-Koorliny Enterprise and Employment Development Aboriginal Corporation (KEEDAC); Noongar Employment and Enterprise Development Aboriginal Corporation (NEEDAC); Wheat belt Aboriginal Corporation (WAC); and the Southern Aboriginal Corporation (SAC). These CDEP organisations are funded to pay wages up to the equivalent unemployment welfare payments and for operational expenses needed to provide the work opportunities. CDEP workers are also provided with a supplementary payment of $20.80 per fortnight from Centrelink to encourage them to register for other employment opportunities (Centrelink, 2003). In 2001, these five CDEP organisations employed a total of 1731 persons and expended around $21 million (Noongar Country Regional Council, 2002). These CDEP organisations were formerly under the control of ATSIC, but the demise of that organisation has left the responsibility for these operations to the Federal Department of Employment and Workplace Relations (DEWR).

Since 2001, the number of participants engaged in CDEP schemes in WA has risen significantly. For example, the largest organisation, PEEDAC, reported a 70 per cent growth over the period 2001 to 2004, with 950 participants now engaged. The CDEP organisations in the Noongar area own and operate a range of business ventures and generate around $1.2 million in annual revenues, which are used to offset operational costs and supplement payments to employees. The CDEP are also involved with school-based apprenticeships and PEEDAC has established an Indigenous Employment Centre to broker mainstream employment opportunities on behalf of DEWR (PEEDAC, 2003).

In addition to the CDEP organisations there are the Perth Noongar Regional Council and the Noongar Regional Council. The former was established under the ATSIC WA Regional Office to address economic, cultural and social development priorities. In 2002 it had an annual expenditure of $11.6 million of which 60 percent was allocated to CDEP projects, and the balance to housing, sport, and culture and community capacity building (Perth Noongar Regional Council, 2002). The Noongar Regional Council focuses on non-metropolitan areas but has a similar role. In 2002, its annual budget was $17.3 million of which 83 per cent was allocated to CDEP (Noongar Regional Council, 2002).

A further $25 million was spent within the Noongar community by ATSIC during the period 2001–02 via grants to groups such as the Indigenous Land Council (ILC) and the Indigenous Business Australia (IBA) (ATSIC, 2002). The ILC was established in 1996 to facilitate land purchases under the Native Title Act, 1993. By 2004, the ILC had made 26 land purchases in WA worth a total of $35 million, of which $14 million were for Noongar property. The IBA has made eight investments in WA as of 2004, of which only one was in Noongar country. The IBA has $3.5 million invested in the Noongar Property Trust. Most property purchases by the ILC have been agricultural or pastoral assets, while the IBA makes its investments in a wider range of assets including services firms, tourism ventures and retailing.

A variety of State Government Agencies employ Noongar people, including the Department of Indigenous Affairs (DIA) and the Office of Native Title within the Department of Premier and Cabinet. Based on the proportion of indigenous people who are Noongar, the estimated state government expenditure on the community is around $12 million (DIA, 2003). Priorities for State Government agencies include heritage and cultural issues, land administration and general policy work. The DIA employs 132 staff, of whom 41 per cent are indigenous.
In addition to the CDEP and government agencies there are around 256 Noongar-related business entities operating in Western Australia. These include approximately 150 indigenous corporations and 100 other legal entities, incorporated associations, proprietary limited companies, partnerships and sole traders (ORAC, 2004). A further 50 businesses have been identified that do not specifically disclose themselves as Noongar. Many of the indigenous corporations were established as a vehicle for the receipt and management of large grants, rather than as trading entities. Identifying Noongar-owned and operated trading ventures is more problematic because of a lack of records and a general reluctance by the owners to specifically identify their venture as Aboriginal.

To gauge the extent of Noongar business activity a survey was undertaken of 125 Noongar business entities recorded in official databases. A questionnaire was mailed to each business, along with a covering letter and return-paid envelope. This produced a 17.6 per cent response rate, generating a final sample of 22 respondents. Table 40.1 provides a summary of these respondent firms. It can be seen that the sample was biased toward the larger ventures with significant turnover and asset value. The absence of small and micro-enterprises in the sample is likely to reflect both a distrust of surveys among such ventures and the relative lack of such firms in the Noongar community. Despite the relative lack of data on Noongar business activity, the total value of large Noongar ventures is estimated at around $70 million. The smaller firms are more difficult to identify and those that do exist are often reluctant to identify themselves as indigenous in nature. Annual turnover of small firms is unlikely to be greater than $5–10 million or $2–5 million for micro-enterprises.

Other indicators of Noongar participation in the WA economy include housing property assets estimated at $132 million in 2003 (ABS, 2003). A further $100 million is estimated to be held in superannuation savings accrued by Noongar, giving a total of $232 million or around $29 800 per Noongar household. This continues to be well below the average of $242 000 for non-indigenous Western Australian households.

### Economic opportunities for the Noongar Nation

The areas within Western Australia encompassing Noongar lands are economically dynamic with historically low unemployment. However the labour market in these areas is dominated by the key mining and agriculture industries in all but the South West and Metropolitan area. Noongar labour force participation and business involvement is well below its potential, but there is a significant range of opportunities in selected areas of Noongar country for greater economic participation. Two of the regions have well-articulated Aboriginal economic development strategies, but these need supporting with

<table>
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<th>Nature of enterprise</th>
<th>No</th>
<th>F/T staff</th>
<th>P/T staff</th>
<th>Revenue ($000)</th>
<th>Asset value ($000)</th>
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<td>333</td>
<td>1889</td>
<td>43 350</td>
<td>12 200</td>
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<td>48</td>
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<td>21 25</td>
<td>36 85</td>
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<td>383</td>
<td>1957</td>
<td>45 755</td>
<td>19 215</td>
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access to capital and skills to facilitate change. The economic profile of the region indicates current Noongar economic participation is caught in the casual low-paid and emerging industries part of the economy, which is not delivering an increase in household wealth.

The SW ALSC economic strategy is to recreate the idea of a Noongar Nation, and within this to establish a Noongar domestic economy, to build the base from which economic empowerment will emerge. From an economic perspective there should not be Noongar disadvantage to any greater extent than in the non-indigenous community. With 60 per cent of Noongars living in Perth and nearly 80 per cent in major towns, the labour market should provide sufficient jobs to sustain a 65 per cent labour force participation and a 94 per cent employment rate. Given that 40 per cent of all workers in the WA economy do not have qualifications, the skills issues is not, in itself, a reason for an effective 50 per cent Noongar unemployment rate.

Noongar people are achieving success in the labour market, particularly in State and Commonwealth Government agencies. They are also widely represented in the private sector in mainstream employment. The area in which participation is insignificant is in self employment and small business. The State economy has 96 per cent of businesses employing fewer than 20 employees, of which 60 per cent are micro with fewer than five employees. Small businesses are built through networks and relationships and most often through family associations (ABS, 2004). It is in this area that more could be done to assist the Noongar.

Looking at the success of migrants in integrating into the WA economy, a common feature is the establishment of small businesses that at first supply to the domestic market of other migrants from the same group, or the provision of services that others in the main economy do not want to provide, such as cleaning. One feature of migration, however, is that migrants often use their connections back to their previous country to source goods for resale in Australia to new markets. The first generation invest in the skills of their children, use community networks for advancement and progressively move into more complex industries or supply chains. In the case of Noongar people, they have been fragmented into remote communities on the fringes of Perth or in particular country towns and centres. Connection to land and family has militated against the very clustering that allowed migrants to create their micro-economies.

Racial prejudice is still a major impediment to indigenous integration into the labour market and economy. For example, PEEDAC reported clients being very uncomfortable when their Noongar lawn-mowing business employees turn up to collect their $20 at the front door. Stereotyping is also an issue: WA society appears to have no problem with a Noongar in a suit or painted up with spears for a dance performance, but, as the local handyman or mechanic or electrician, that appears to be a different and less attractive proposition. For example, Perth shopping centres will employ security guards to follow indigenous youth around out of suspicions over potential shoplifting or trouble making, but few, if any, Noongar are employed in these shops when they are the right age and have the same education as the mainstream community.

Regional communities face similar problems, but have the added stress of rural adjustment and the loss of economic viability in small towns, associated with the withdrawal of service branches in areas such as banking, postal services and government offices, brought about by technological change. The Regional Development Council (2004) lists a number
of key imperatives in retaining people in regional communities. These include jobs and career opportunities, health, housing, perceptions of lifestyle, and community and infrastructure.

Noongar communities are forming both formal and informal networks to address the need for social cohesion. These include community action groups and even, at the big picture level, the Indigenous Women's Congress (DCD, 2004).

Canadian research suggests that the building blocks for indigenous economic participation include a supportive business culture, supportive government arrangements including economic development funding and related policies, and support for both individual and community capacity building. Also needed are appropriate education and training programs, access to capital, markets and adequate infrastructure, technology and natural resource development (DIAND, 1999). By any measure, few of these building blocks are in place for Noongar people in Western Australia.

Creating economic building blocks

Fostering economic self-determination among the Noongar will require a process of empowering the community through a combination of education and training in business and entrepreneurship skills, and the support of indigenous ventures, particularly those already established. Indigenous labour force participation is often influenced by family obligations and a short-term focus on survival. However, many indigenous communities are negatively affected by a lack of self-confidence, health and substance abuse problems, and the scarring effect of long-term unemployment in low-paying dead end jobs (Hunter, Gray and Jones, 2000). Raising the level of Noongar workforce participation will benefit from the creation of workplaces that are more welcoming to indigenous people.

The CDEP projects have been criticised for failing to move sufficient numbers of their participants into the mainstream workforce (DEWR, 2002). However such criticism does not recognise the social and cultural issues facing indigenous employees. Many indigenous people involved in CDEP projects would appear to prefer to take low wages in a culturally supportive environment than be socially isolated in a mainstream workplace. For example, all CDEP organisations reviewed for this study reported Noongar preference for jobs that had no more than 20 hours’ contact. As a communal society, they seemingly prefer to work less time, earning less money, to enjoy more time with their family (ibid.).

Despite their desultory track record in developing sustainable employment or business ventures, the CDEP projects remain a potential base for future development. However the CDEP lack the capacity and expertise to provide business development support to indigenous ventures, and will need to be reinforced or supplemented if they are to fulfil a key role. It has been suggested that a CDEP Business Development Fund be established with a focus on encouraging the level of internal trade within the indigenous community (Spicer, 1997). The CDEP organisation located within Noongar communities accepts the need for the establishment of business incubators in which they can introduce workers to appropriate work practices, provide skills training and develop opportunities. However the CDEP lack the necessary resources for such initiatives.

Owing to the financial risks involved, even viable Noongar CDEP businesses have been closed, as they were linked to other businesses that failed within the same legal entity. There is a need to develop entrepreneurial skills and capacity within the Noongar community to facilitate transition from the ‘training businesses’ of CDEP into the economy proper.
To fill the void in entrepreneurial capacity in the CDEP, a new commercial entity needs to exist to take responsibility for business enterprise formation and to assist businesses through the start-up and development phase. This entity needs to be able to act as an agent for start-up funding programs, such as the Indigenous Small Business Fund (DEWR), or to invest as an equity partner. The IBA provides at the national level a model that could be replicated for small and micro enterprises at the state level. Business opportunities will grow out of the CDEP, Area Consultative Committees, Regional Development Commissions, Local Government, the Office of Aboriginal Economic Development or the SWALSC. Once identified, the process of commercialising the opportunity would be assisted through this entity.

Outside the CDEP structure there remains a need to focus on the enhancement of indigenous entrepreneurship, which can involve both not-for-profit and conventional types of ventures. A key trigger for encouraging indigenous entrepreneurship may be the allure of enhancing social and economic status, but mechanisms need to be in place to provide support to nascent indigenous entrepreneurs. This support needs to help the nascent indigenous entrepreneur overcome the fear of failure, develop appropriate skills in business management and fill in any absence of family or community support. To advance indigenous entrepreneurship requires a focus on industry development that enhances market opportunities and reduces the risks, costs and self-confidence issues (Mazzarol, 2003).

Indigenous micro and small business enterprises are also likely to benefit from the creation of local production networks or markets that seek to create a form of industry cluster, whereby inter-firm cooperation via strategic networks fosters innovation and offers an opportunity for competitive advantage (Quick, 2004). Clusters are created when interdependent firms commit themselves to cooperating strategically to improve their capabilities. In the Noongar context there is a range of small firms in the building and building maintenance sector, but there is no attempt to link them into a cluster of supplied services, products and labour. Residential construction offers a supply chain from design to inputs such as timber and bricks, plumbing, electrical, construction, landscaping, plants and so on. Such collaboration between small firms is a key source of competitiveness within other communities (Ostgaard and Birley, 1994). A cluster approach identifies the opportunity to link supply chains strategically, to offer a more competitive product or range of services. Using this model, Noongar can focus on several strategic industries with long supply chains in a coordinated economic development strategy.

Property ownership is another key element in developing the future economic and entrepreneurial potential of the Noongar. The lack of home ownership among them is a major impediment in their capacity to secure debt financing for new business ventures. Schemes to enhance the level of home ownership among the Noongar community would offer a substantial building block for economic self-determination with long-term impact. However indigenous communities also possess valuable intellectual property (IP) within their culture. To be covered by protection, IP needs to be new, novel, original or distinctive and it needs to be fixed in an enduring form such as a book, disk, painting, film or patent. IP is normally attached to an individual or organisation. Indigenous IP is often communally owned, transmitted orally and based on traditional knowledge, which is often at odds with the legal interpretation of copyright. The rights of indigenous peoples to claim IP over folklore, names and traditional knowledge are gaining momentum, and this offers the Noongar the opportunity to negotiate IP rights in the same way as Native Title with state and local governments.
Janke (1999) suggests indigenous people argue for the right of origin certification status, as used by the French to protect a range of brand names such as ‘Champagne’. In addition, traditional knowledge of the bush has great potential application to biomedical research, land use and regeneration. Combining indigenous art with folklore, or language and design, can provide the bases of a Noongar trademark enterprise of some economic significance (ATSIC, 1999). Indigenous IP raises complete ownership issues similar to Native Title. It would be appropriate for the SW ALSC to extend its scope to gain community support to act as a central Noongar IP agency and negotiation point.

The WA State Government Intellectual Property Policy promotes the encouragement of IP development for the benefit of Western Australians through commercialisation. An examination of the royalty and licence income as a percentage of industry revenues to WA firms in 2001 shows that the top five industries are those in the plant or botanical sector, textiles and fibre technology, manufacturing, medical sciences and construction and engineering (DOIR, 2003). The prominence of the plant and botanical industries is a potential opportunity for Noongar, who retain traditional rights to native vegetation and their seeds and oil extracts.

Indigenous art and design can be combined with technology to link Noongar to the world economy. Aboriginal totems and art work are attractive to a range of industries, particularly in the advertising and marketing of perfumes. The young age profile of the community provides an opportunity to empower the next generation to participate in the knowledge economy. This sector tends to be ‘colour blind’, an advantage for indigenous communities; however this will take a significant change in education thinking and a commitment to connect Noongar people, homes and businesses to the Internet. The same empowering network would help build the ‘Noongar Nation’ identity and assist in the creation of the internal Noongar economy.

To address the need for capital outside of the mainstream lending market, Commonwealth and State Governments provide a range of programs, including the Indigenous Small Business Fund (ISBF), a $2 million per year program (Noongar proportion $118 000). Assistance is also available through the Office of Aboriginal Economic Development, and access to more substantial capital ($100 000 plus) is available through the Indigenous Capital Assistance Scheme (ICAS), and the Indigenous Business Australia and ILC Investment programs (IBA, 2003; DEWR, 2003; DTRS, 2003).

At a fundamental level, the Noongar need to combine their assets, skills and opportunities to gain the critical mass necessary to engage a Western Australian economy dominated by the commodity industries and their downstream processing and services. The establishment of a Noongar Economic Development Corporation can facilitate a two-way dialogue between government, industry and capital on the one side, and community organisations, families and indigenous enterprises on the other. The corporation can pursue a three-level strategy.

**Level (1) Strategic investment**

This involves direct investments on behalf of the Noongar community, into companies and industries that are economically and socially progressive, and from which the Noongar can earn a high return on investment and influence employment outcomes for their people.
Level (2) participative investments
These involve joint ventures and equity participation that lead to employment opportunities or the transfer of skills and knowledge, or that leverage Noongar assets such as land or land rights into a business opportunity.

Level (3) developmental investments
These investments are focused on emergent industries, business start-ups, business growth and entrepreneurship. This should include the creation of a business incubator model and infrastructure to lead people out of CDEP into self-employment and small business.

PEEDAC suggested the concept of ‘distributed business hubs’, where an agency such as the ILC or SWALSC purchases or builds a block of factory units in industrial areas in the Perth metropolitan area. Here a range of interrelated Noongar small service and manufacturing businesses could be located along with a business skills mentorship program. This concept has merit as a step beyond the CDEP training businesses which are aimed at participants experiencing the world of work, but not aimed at engendering business ownership and management skills.

Management education aimed at identifying breakthrough business opportunities for future Noongar economic development and at identifying the Noongar people with the latent capacity to become the entrepreneurs of the future is another area for opportunity. Business mentoring and new venture creation and support programs run in conjunction with local university and TAFE colleges may also provide appropriate enterprise support infrastructure. The university and TAFE sectors can provide a range of applied research and development, and economic development expertise in support of indigenous economic advancement. This is consistent with the industry cluster approach which, in the UK and Europe, often has education institutions involved in the innovation development process.

The Western Australian State Government has the capacity to ensure much greater indigenous participation in government services. The utilities industry is an example. The Water Corporation has a $1 billion a year turnover and $10 billion in assets, and Western Power is much the same. An indigenous strategy could see both utilities partnering on new micro energy generation projects, waste water ventures and other progressive developments. Government purchases of goods and services and contracting could have indigenous content weighting, as is done with local content. This would have the effect of creating a market opportunity and some protection while indigenous businesses establish themselves. As has been seen in the mining industry, indigenous businesses can compete over time if given market access. To support these concepts a cross-government standing committee should exist under the Office of Aboriginal Economic Development, to combine grant and funding resources and to cut through red tape in support of the Noongar Economic Development Corporation and its objectives. The education and training system needs to respond proactively to the entrepreneurial age, building business skills into indigenous education and training, and using a more selective approach to training on a needs basis in support of the CDEP program and emergent indigenous businesses.
Conclusions

Economic self-determination for indigenous Australians remains one of the most important challenges facing the nation in the twenty-first century. Until indigenous communities are brought up to the same level of employment, home ownership and wealth as average Australians, reconciliation for the wrongs of the past two centuries will remain elusive. The Noongar of Western Australia represent one of the most culturally and socially affected indigenous communities with respect to European settlement. However, despite their economic and social disadvantages, the Noongar also have a good chance to create a sustainable economic future, building upon their existing capacity, and taking advantage of opportunities within a dynamic and expanding economy.

To achieve economic self-determination will require a multifaceted approach putting in place the various economic building blocks outlined above, and seeking to forge strategic partnerships with non-indigenous industry groups as well as government agencies. The need to overcome racism and paternalism are likely to be among the most significant challenges in this process. The concept of ‘Noongar Nation’ offers an opportunity for building community awareness within both the indigenous and non-indigenous communities of the capacity of the Noongar within WA society. Rather than see the Noongar as a social or justice problem, the broader community, and the indigenous community itself, need to recognise that they possess real capacity and economic clout.

With an estimated direct economic impact of between $500 and $700 million per year, the 27 000 Noongar have every reason to have their voices heard. However leadership will be required and the formation of the Noongar Economic Development Corporation (NEDC) in 2005 by the SWALSC provides an opportunity to create a focal point for economic and enterprise development programs. It is encouraging that this research served to assist the process of forming the NEDC, and future research will seek to collaborate with the SWALSC and ‘Noongar Nation’ to map the entrepreneurial capacity of the community and build appropriate enterprise support frameworks to assist nascent and novice entrepreneurs of Noongar origin.

Notes

1. The ‘Stolen Generation’ refers to the policy followed by various State Governments in Australia over a period from the 1920s until the 1960s in forcibly removing light skinned or half-quarter-caste Aboriginal children from their parents and relocating them with European Australian families. It was dramatically portrayed in the film *Rabbit Proof Fence*.

2. The CDEP Schemes are a mechanism of disguising the high rates of unemployment among indigenous Australians. Rather than be given social welfare due to unemployment, the indigenous communities are required to work a specified number of hours in a CDEP approved workplace. For this they get their welfare payments, which for many families is their only income. The majority of CDEP projects are unsustainable or at best marginal from an economic perspective.

References


Introduction
Entrepreneurship is not just the product of an economic system; it is also shaped by, and profoundly affects, the cultures within which it operates. For many minority ethnic groups, there has often been a clash between their traditional values and those of modern free-market entrepreneurship.

This dichotomy has been especially pronounced for indigenous peoples displaced by European settlement and colonisation between the Renaissance and the twentieth century. For many of these so-called ‘first nations’, the changes have resulted in a loss of political, economic and legal power, with communities being economically marginalised and left dependent on welfare and public support for survival. Ironically, however, entrepreneurship now also offers opportunities for many such groups to reclaim some of their traditional strengths.

Like other indigenous peoples across the world, the Aboriginal and Torres Strait Islanders of Australia have had to deal with many changes in the two hundred years since Europeans first began to settle the continent. During that time, there have been substantial changes in the social, cultural, political and economic position of indigenous society. From a traditional hunter–gatherer economy little changed over several centuries, indigenous Australians have since had to adapt to the threats and opportunities provided by a liberal market economy. Whilst some substantial improvements have recently been made, Aboriginal peoples still lag far behind their European contemporaries in many areas of economic activity, such as individual enterprise and business creation.

This chapter examines the status of indigenous entrepreneurship in Australia. It begins by providing a historical overview of Aboriginal and Torres Strait peoples in Australia, then examines the current status of indigenous enterprise, and the factors that have helped to both foster and impede it. It concludes by assessing the current level of research into the field, and some of the issues which still need to be addressed in order to better understand this complex area.

Background
Australia was the last inhabitable continent to be colonised by Europeans, but one of the first to be settled by human beings. Archaeological evidence suggests that the continent has been continuously settled for well over 40 000 years; indeed, some researchers suggest that this period may stretch as far back as 100 000 years before the present era (BP). However, by about 12 000 BP, the continental landmass had become separated from South East Asia by rising seawaters, effectively cutting off the movement of peoples to and from...
Asia, and later rendering the land ‘invisible’ in the eyes of European explorers (Mulvaney and Kamminga, 1999).

The landmass that Aboriginal people occupied during this time had a substantial bearing on their social and economic structure. As climates evolved, the continent became progressively harsher and drier, evolving into the wide, open, hot climate which is typically associated with images of Australia today. To survive in an environment with a limited carrying capacity, a hunter–gatherer lifestyle was necessary, in which people banded together in small groups that regularly traversed large areas of land, utilising the flora and fauna in one part, and then moving on to exploit resources in another area. Such patterns were not indiscriminate or irregular: the movement of people took place through relatively predictable and defined timeframes and locations, leading to a close link between communities and specific geographical areas. By necessity, food and other resources that were collected were shared communally, and the need to move constantly meant that ownership of goods and items was often group-based rather than individual (Keen, 2004).

Such development was a sharp contrast to the economic system which eventually evolved in Europe. In the latter, a fixed agricultural system ultimately gave rise to a political and economic system in which primacy was given to individual ownership of goods, a substantial level of social stratification on the basis of class and differential access to resources, and individual gain that was usually achieved by identifying and exploiting opportunities for personal advancement (Ellana, Loveday, Stanley and Young, 1988).

Whereas European and many other societies developed clearly recognisable markers of civilisation, such as permanent towns, agricultural regimes, written laws, a recorded history, written script and distinct religious and cultural icons, many of these developments were visually absent from Aboriginal societies. They existed, but not in the form that Europeans were used to. For example, there was no written language, but a rich and sophisticated verbal one instead. Community histories, religious beliefs, cultural patterns and the law were developed and transmitted in an oral tradition. Towns did not exist, but there were still well-defined, communally understood and clearly recognised rights to use and pass through land that belonged to various indigenous groups. Indeed it has often been suggested that Aboriginal people, far from having no civilised traits, in fact represent one of the oldest continuously surviving cultures in the world (as a case in point, recent research indicates that Aboriginal rock art is some of the oldest in the world) (Mulvaney and Kamminga, 1999).

The European settlement of Australia began with the foundation of a British colony in Sydney Cove in 1788, followed over the next 50 years by the progressive development of further colonial townships in and around Hobart, Melbourne, Perth, Adelaide and Brisbane. The new settlers assumed ownership of the continent on behalf of the British government, arguing that, in the absence of recognisable signs of civilisation, the land was in fact in a state of *terra nullius* – that is, vacant land, ownership of which automatically belonged to the first colonial power which claimed it. On this basis, the British administrative apparatus was imposed on the country, and the continent was divided up into several colonies answerable to Westminster until the granting of Australian nationhood on 1 January 1901.

The impact of European settlement on Aboriginal people was extensive and, in large part, devastating. Unlike the peoples of New Zealand and first nations of North America,
Aboriginal Australians never received any recognition of their prior ownership of the land, their rights to exist within it, or even held any defined legal status as citizens. Along with this economic displacement and loss of access to land, there were numerous incidents of violence, although there was never any official government policy to eradicate or eliminate indigenous peoples. Traditional hunting and gathering was eroded or else destroyed by European-style farming methods and pastoralism, and the introduction of various diseases also contributed to population loss. Between 1788 and 1901, the estimated number of indigenous persons declined substantially, shrinking from 750,000 in 1788 to 40,000 in 1900 (Dingle, 1988). Although the effects of such changes were noticeable throughout Australia, perhaps the most disastrous impact was in the state of Tasmania, where such actions ultimately led to the complete eradication of the original peoples. When the last member of the original inhabitants, Truganini, died in 1876, it was the end of a whole regional society.

For a long time after Federation, the status of Aboriginal people did not improve. Responsibility was largely vested in the hands of the various state governments, many of whom passed laws restricting the movement of indigenous peoples, making them subject to punitive supervision by police and other local authorities, and excluding them from living in many urban areas. Citizenship was largely denied to indigenous people, except in a few limited circumstances, as were voting rights. Economic development was also limited, with most indigenous people confined to marginal positions at the periphery of European society, working (often without pay) as housekeepers, stockhands or agricultural labourers, or else living in government reserves.

Perhaps one of the starkest and most brutal examples of government intervention was the so-called ‘stolen generations’. For several decades between the 1930s and 1960s, state governments adopted various policies aimed at removing Aboriginal children from their parents, and relocating them either with white families, in church missions or in government-run training facilities. The objective of such actions was to remove them from the ‘corrupting’ influence of a so-called ‘dying peoples’ and to provide them with a ‘better future’. This policy mirrored the prevailing attitude of both society and government, which believed that indigenous people were, tragically, on an inevitable path of decline and decimation; the role of government was to ‘smooth the pillow of the dying race’ (Macintyre, 1999).

The Commonwealth (national) government had minimal involvement in indigenous affairs until the successful passage of a constitutional referendum in 1967 that enfranchised Aboriginal people, included them in the national census for the first time, and finally gave federal authorities the formal capacity to legislate in the area. This was followed in 1971 by the election of the nation’s first Aboriginal parliamentarian; since that time a number of indigenous persons have been elected to seats in state, territory and federal parliaments. In 1976, the state of South Australia appointed the first indigenous Governor (vice-regal representative and nominal head of government), and ten years later the West Australian parliament selected the country’s first Aboriginal Cabinet minister.

In the four decades since the referendum, the position of indigenous peoples has improved substantially. In the late 1960s and 1970s, successive Commonwealth governments introduced legislation outlawing discrimination on the grounds of race, establishing Aboriginal affairs departments and development agencies, providing limited land rights and funding various measures to improve the economic, educational and social
position of indigenous people. The 1960s also saw the first Aboriginal person graduate from an Australian university. In 1992, in response to a claim lodged by Torres Strait Island resident Eddie Mabo, the High Court of Australia struck down the notion of *terra nullius*, ruling that indigenous people still retained the right to claim ownership of land not yet alienated by government and private landholders. Such moves also mirrored a change in perspective about the role and future of Aboriginal peoples: increasingly, assimilationist approaches were eschewed in favour of those which recognised and celebrated the right of indigenous peoples to retain their own cultures.

An important step forward in self-determination was the creation of the Aboriginal and Torres Strait Islander Commission (ATSIC) in 1990, envisaged as a self-governing federal statutory authority with responsibility for policy and funding development of indigenous health, education, housing, social, sporting and economic development. Governed by a popularly-elected board of commissioners (and hence touted as a de facto ‘indigenous parliament’), ATSIC’s original *raison d’être* was to replace the existing bureaucracy with an autonomous structure managed by, and answerable to, indigenous peoples.

Today, the legal discrimination that once existed between indigenous and non-indigenous Australians no longer exists. Nevertheless Aboriginal and Torres Strait people still suffer profound disadvantage. Compared to other Australians, they are less likely to hold full-time jobs, obtain access to formal education and receive adequate medical services and they have lower rates of literacy. These differences have also been reflected in the demographic characteristics of indigenous peoples, who tend to have substantially shorter lifespans, and suffer from more chronic medical conditions, than the general population (Australian Bureau of Statistics, 2004).

Nationally there is today a greater acceptance and support of Aboriginal peoples than has previously been the case. The number of persons who identify themselves as being of Aboriginal or Torres Strait Islander extraction is now some 458,000, or 2.4 per cent of the total population (ibid.). By the start of the twenty-first century, a strong reconciliation movement had emerged with wide popular support, focused both on recognising past injustices to indigenous people and on developing harmonious future relations. However this changing set of social views has not been reflected in the policies and activities of the national government. The reconciliation lobby has so far failed to win support from the governing national conservative coalition, and has since foundered. In 2004, ATSIC was disbanded; the so-called ‘Aboriginal parliament’ was replaced with a more conventional federal government agency designed to administer indigenous policy.

**Current status of entrepreneurship**
There are currently a number of initiatives in place to encourage new venture formation, business growth and ownership within the indigenous community. A number of special-purpose organisations, both state and private, have been established to this end. For example, in 1990, the Commonwealth government created Indigenous Business Australia, a statutory authority designed to invest directly in businesses, and to provide equity venture capital in indigenous commercial operations (Indigenous Business Australia, 2002). A number of specialist economic development agencies and special-purpose funding programmes currently also exist at the state level. Many of these have now been in operation for several years, and have helped generate a small number of indigenous entrepreneurs.
Initiatives within the private sector have included the launch in 1999 of First Nations Credit Union, a specialist lending and deposit-taking institution focused on indigenous peoples.

There has also been the emergence of a small number of entrepreneurs and firms which have achieved a measure of public recognition. These include Balarinji Designs, an art studio that is perhaps most famous for the striking Aboriginal motifs which have been painted on several Qantas international aircraft, and which exports its products into Asia, North America and Europe. Another is Harry Nanya Outback Tours, a community-owned venture of the Barkindji people of southern New South Wales, and the recent winner of a Golden Tourism Award.

Complementing this in recent years has been a noticeable change in the rhetoric and debate over enterprise within Aboriginal society. For much of the last 40 years, Australia’s approach to indigenous issues has largely been welfarist in its orientation: the various agencies of state sought to assist indigenous communities by assuming full responsibility for funding and providing services in health, education and other aspects of life. Many ventures were wholly or substantially paid for by government, and there was little emphasis on the generation of private wealth or assets. The introduction of government-funded social welfare programs, while necessary to provide basic fundamentals, also eliminated some of the ‘necessity entrepreneurship’ which is frequently found in other dispossessed or poor societies (Hindle and Rushworth, 2002).

However a new generation of Aboriginal leaders has begun to place a greater focus on entrepreneurship as a possible solution to the problems that beset their peoples. As one of the most outspoken advocates of this approach, Aboriginal lawyer Noel Pearson (2001) has stated, there has been a change in Aboriginal thinking, such that there is now the belief that we need to move towards a more entrepreneurial approach to our social needs. This means we need to leave behind the failed social-service delivery methods of the past – with its focus on needs and problems and on bureaucratic service delivery and management of passive (and hopeless) people – to an opportunity-oriented approach.

However it is worth noting one difference between these self-articulated indigenous perspectives and those of the mainstream community: the special focus which Aboriginal peoples have placed on social enterprise as well as more conventional private entrepreneurship (Hindle and Rushworth, 2002). Yet, despite this, today the overall level of entrepreneurship and enterprise within the indigenous community is still low. By most relative indicators, the proportion of persons involved in starting or operating a business venture of their own is quite low (Schaper, 1999).

Obtaining reliable data about the size of the indigenous entrepreneurial community is a somewhat difficult activity, since there is no one universal database of such persons. Although the Australian Bureau of Statistics does not formally publish any data on indigenous small business (a common and convenient proxy measure of entrepreneurial activity), it does regularly collect information on self-employment as part of the five-yearly national census (in this context, the self-employed include persons working for themselves alone and those who own a business that employs others). In addition, they have also produced some occasional publications which examine the employment status of indigenous Australians (Altman and McLennan, 1996). Table 41.1 summarises these data, which are only provided on a gender basis; curiously, most published statistics do not include an aggregate total for the indigenous population as a whole.
As these figures show, there has been a slight increase in the overall proportion of indigenous persons who work for themselves or employ others, although the results are somewhat variable and show marked changes from one data collection period to another. Although not given above, the self-employed accounted for approximately 5 per cent of all working indigenous persons in 1986, grew slightly to 6 per cent in 1991, slipped back to 5 per cent in 1994, and in 2001 represented almost 7 per cent (Altman and McLennan, 1996). The pool of Aboriginal entrepreneurs is increasing, but the overall rate of entrepreneurial participation is still lower compared to the non-indigenous population, where almost 18 per cent of working persons are self-employed.

Why so few?
Numerous factors currently stand in the way of the successful development of a vibrant indigenous business culture. Some of these issues are unique to Aboriginal society; others are endemic to business owners and operators around Australia.

In the first place, the historical legacy of European–indigenous interaction has played a substantial part in restricting entrepreneurship. As mentioned previously, until the mid-twentieth century Aboriginal peoples were largely excluded from the cash economy. Relegated to roles as largely unpaid labourers, and not legally able to own their own assets, they were unable to acquire the capital, managerial experience or business knowledge needed to launch and grow successful ventures.

Another barrier is that of geography. Most Aboriginal communities, and Aboriginal persons, are today found within rural and regional Australia, often located in small settlements many hundreds of kilometres from any major population centres. The lack of a substantial local consumer population, and the logistics and expense issues associated with their relative isolation, often make it difficult for Aboriginal enterprises situated within these communities to thrive (Fuller, Howard, Gunner and Holmes, 2003).

A third issue is the relative lack of existing successful role models. Whilst the overall number of indigenous entrepreneurs is growing, there are still only a few high-profile personalities and identities that can serve as exemplars to other Aboriginal people. In contrast, mainstream Australian society is replete with examples of easily recognisable

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*Note:* ‘Self-employed’ includes persons in the role of employer, self-employed (own account) worker, and contributing family worker.

entrepreneurs, all of which helps contribute to the development of an enterprising culture.

There is also a relative paucity of human capital that can be applied to entrepreneurial endeavours (ibid.). Compared to the general Australian population, Aboriginal people tend to have lower levels of education, skill development and training, both in specific technical fields and in the domain of general business management. Technical skills are important, because they are often the vehicle through which a small business venture is launched, as with the artist who decides to turn her skills into a full-time living, or the motor mechanic who uses his knowledge to set up his own garage. Generic management knowledge is also important, since it provides individuals with the ability to maintain and grow a business enterprise successfully once it has been launched. However, until the skills and knowledge gap between indigenous and non-indigenous peoples is narrowed, Aboriginal society will remain at a comparative disadvantage in the business formation process (ibid.).

Land title remains an issue, along with access to finance. As has been mentioned previously, Aboriginal and Torres Strait Islanders were deprived of ownership of land when the doctrine of *terra nullius* was put into effect, with the result that they were excluded from the conventional means of generating and securing wealth. Even with the Mabo decision, ownership of this asset in private indigenous hands is still limited. Indeed many communities own title to their lands communally or through the vehicle of local non-profit indigenous corporations, which means that enterprising individuals cannot use these assets as collateral for loans or other forms of venture finance.

Finally, it should also be remembered that there are sometimes substantial differences between the cultural values ascribed to entrepreneurship and the cultural context within which private enterprise takes place. Whilst European societies have generally embraced the ethos and modes of individual capital acquisition and self-achievement, indigenous peoples in Australia have usually placed a much greater emphasis on community orientation, consensus decision making, sharing of resources and cooperation instead of competition (Schaper, 1999). To some extent, the traditional notion of the individual successful entrepreneur as a free-standing, risk-taking catalyst of change, who accrues private wealth for himself or herself, is at odds with the importance indigenous persons have placed on group effort and ownership of assets.

At the same time, there are some arenas of business activity in which indigenous entrepreneurs have achieved success. Tourism is one industry sector in which Aboriginal and Torres Strait Island peoples have a unique product and service offering. Indeed Aboriginal identity is often cited by inbound tourists as one of the most distinctive elements that have led them to visit Australia, along with its geography, flora and fauna (Robertson-Friend, 2004). Another area is in the pastoral industry, where there is a long history of Aboriginal people working as stockherders, station managers and horsehandlers. A third area is in the arts and crafts sector, where numerous individual and community firms have capitalised on the unusual and unique nature of indigenous art – a style that is not found anywhere else on earth. Other aspects of the arts, such as indigenous rock music (as typified by bands such as Yothu Yindi), have also had a strong commercial attraction. However, in general, these advantages tend to be concentrated into a small range of specific industries, where traditional skills and backgrounds provide a form of comparative advantage that is not easily obtained elsewhere. There are still many other areas of economic activity, such as in manufacturing, the professions and primary production, where indigenous peoples are underrepresented (Fuller, Gunner and Holmes, 2002; Royal Commission into Aboriginal Deaths in Custody, 1991).
Indigenous enterprise: an underresearched phenomenon

One of the greatest difficulties in analysing and understanding the nature of indigenous entrepreneurship is the very limited data available about this community. Most studies to date have focused on case study analysis (for example, Allert, 1998; Foley, 2003; Fuller and Cummings, 2003). Whilst such work plays an important role in providing a richer, more detailed understanding about the personal circumstances and situations of particular entrepreneurs and their business venture, it rarely examines more than a handful of enterprises at any one time. There are few studies which have attempted to provide empirical information about the indigenous business community, which in turn makes it difficult to understand the characteristics of such owner/operators, or to track changes and long-term trends in the sector.

Some of the qualitative work to date has suggested that there are significant differences between indigenous and non-indigenous entrepreneurs. For example, Foley’s (2003) analysis of 18 Aboriginal entrepreneurs found that the respondents shared a number of characteristics. These included a low emphasis on financial returns as the key indicator of commercial success; a high emphasis on personal business networking; a strong desire to provide for their families, not just to achieve personal rewards; and a recurrent problem of discrimination from both within and without – that is, external discrimination from non-indigenous persons, and alienation from members of their own community. Similarly, Allert’s (1998) case analyses suggest that many indigenous businesses are actually formed through joint ventures with non-indigenous business operators, rather than being purely stand-alone projects. However, larger and more empirically focused studies are necessary to confirm such preliminary findings.

There is also the issue of what constitutes culturally appropriate and culturally sensitive research. Should white Australian academics take responsibility for building the body of knowledge in this area, or is it more appropriate that the task be left to indigenous researchers? Are the differences between various linguistic and cultural groups, between Aboriginal and Torres Strait people, and between different geographic regions sufficiently understood by outsiders attempting to measure, explain and build models based on their behaviour? Can non-indigenous researchers fully understand the phenomenon of first nations business practices and explain them accurately, or are their perspectives likely to be shaped by their own race and social position? Such dilemmas are not unique to this one field of enquiry; indeed they are common throughout much of the social sciences, but this is a relatively new problem for a young discipline such as entrepreneurship.

A final research issue is that there are few indigenous academics working and researching within Australian tertiary business schools. There are only a limited number of such scholars, which has meant that, almost by default, most research to date has been undertaken by non-indigenous persons. If the problems identified above are to be overcome, it would be appropriate for more indigenous scholars to emerge, and to help interpret this phenomenon and explain its significance to the broader Australian community.

Conclusion

Understanding and improving the position of indigenous entrepreneurs is an important issue for all of Australian society. For Aboriginal and Torres Strait peoples, self-entrepreneur offers new opportunities for wealth creation, social advancement, the strengthening of local communities and greater recognition of their important role in society. It also
provides a possible way in which local, state and federal governments, who have grappled unsuccessfully for many years with the thorny issue of how best to advance indigenous economic growth and independence, can facilitate such development. Scholars and researchers in the field also need to gain a better understanding of the topic, since it has been relatively poorly understood and measured until now.

One encouraging change in recent years has been the recognition by both indigenous and non-indigenous Australians that entrepreneurship is an important part of the future development of Aboriginal and Torres Strait communities. This is a marked and substantial turnaround in the public debate, since traditionally the arguments have been about how and when government should step in and solve the problems of indigenous peoples.

Implementing such change will not necessarily be easy, but, as Pearson (2001) has previously remarked:

There are people who want to take on this role, and there are people in the communities who will be inspired by them . . . The main quality of such social entrepreneurs will be their belief in the capacity of our people. There must be absolutely no hesitation on this. They have to know our potential as a people such that they will never presume that our future lies in other people ‘saving’ or ‘serving’ us.

Whether or not this challenge is met will be one of the most important issues for indigenous people during the twenty-first century.

Note
1. The Torres Strait Islands lie immediately to the north of continental Australia, between the state of Queensland and the island of New Guinea, and their original inhabitants are generally recognised as an ethnically and culturally separate group from the indigenous (Aboriginal) peoples of the mainland.

References


Introduction
Maori figure amongst the worst social statistics in present-day New Zealand society. For much of the last 20 years, research has focused on the disparities between Maori and non-Maori. However the recent development of Kaupapa Maori research (by, with and for Maori) has begun to investigate those paradigms and models that are delivering positive outcomes for Maori in education, research and (more recently) business and community development. This chapter explores some of the tribal initiatives that offer the potential for business and community development, which delivers both economic and political sovereignty to a colonised, indigenous people.

This chapter will look first at traditional Maori society, and how it was affected by contact with the outside world, and what effects this had on the burgeoning arena of Maori entrepreneurship. These impacts will be broken down into three phases: First Contact (1642–1840), Colonisation (1840–1970) and the Maori Renaissance (1970 onwards). We will trace the negative impacts of colonisation, in terms of social indicators, and discuss the role that the Maori Renaissance has played in revitalising Maori language, culture and identity, while reinvigorating Maori worldview, as encapsulated by the Kaupapa Maori paradigm. Finally we will look at some of the recent Kaupapa Maori Entrepreneurial initiatives that are delivering community development opportunities, while nurturing the sense of self-determination, and validating Maori aspirations, economically and politically.

First contact
Maori are the indigenous people of Aotearoa New Zealand, having arrived in the group of islands as part of the migration and settlement of Polynesian peoples throughout the Pacific in the last 5000 years. Maori lived in relative isolation, maintaining seafaring links to their South Pacific forebears, but increasingly seeing themselves as distinctively Maori from Aotearoa over the last 1000 years.1

Maori culture, like other Polynesian cultures, is predicated on the tribe as the smallest social unit. In Aotearoa, the Maori traced their ancestry to the gods, from Ranginui (the sky father) and Papatuanuku (Earth Mother) and their offspring, who are the guardians of every aspect of life. Humans are descended from Tane Mahuta, who is also the guardian of the forests. Thus Maori maintained their family links to flora and fauna, through a complex web of beliefs and rituals designed to protect and sustain their environment (Marsden, 1974). The core beliefs of traditional Maori focused on the complementarity of gods, humans and their world. Thus spirituality was interwoven with the day-to-day realities of their political economy, a subsistence economy underpinned by the reciprocity of the gift (Mauss, 1990). The gifts cemented bonds between communities and ensured peaceful relations. However, if gifts were not reciprocated, or tribal boundaries and sovereignty were not respected, the tribe (or cluster of tribes) could band together to
seek retribution. These principles, which operated as the basis of social control and regulation, have been defined as the Maori worldview and encapsulated in a framework of ethics and protocols that reinforced the holistic and intimate relationship between the ancient Maori and their world (Henry and Pene, 1999; Henare, 1998).

Europeans began to arrive after the Dutch explorer, Abel Tasman, first charted and gave New Zealand its European name in 1642. His visit was not auspicious, as evidenced by the name he gave to the bay where he first encountered ‘the natives’, Murderers Bay, and it was more than 100 years before Europeans ventured to New Zealand again.

James Cook, on the exploration vessel the *Endeavour*, first arrived in 1769. Interestingly, he had on board an adventurous Tahitian, Tupaia, who spoke a semblance of the local language and was familiar with local custom. As a result, Cook’s visit was so successful that he returned again in 1772 and 1773. On each visit Cook cemented mutually beneficial bonds between Maori and European. The Maori learned of the wonderful trading opportunities, and the explorer was able to map and explore the extensive coastline in peace (King, 2003).

Within a generation, Europeans had come to see New Zealand as a safe harbour for explorers, whalers and sealers alike, with the first whaling station opening in 1792. At the same time, Maori embraced the new economic relations, redesigning many aspects of their social structure to accommodate trade with the visitors. No longer was there a necessity for the ‘gift’ to be reciprocated at some unknown future time, as trade with Europeans meant instant gratification, instantaneous exchange of goods. Bargaining and haggling must have come naturally to the gregarious Maori, for whom fine oratory was and is the measure of a person’s mana.²

Maori had not previously produced steel, so needles, hammers, knives, axes and saws revolutionised traditional work and divisions of labour. No longer were the experts at tree cutting and carving (onerous tasks using flint and stone adzes) so valued, as even a small group could fell a giant tree in a short time with a prized steel axe. No longer were elaborate rituals necessary to protect the kumara (sweet potato), brought from the tropics and struggling to survive in the temperate New Zealand climate. The European potato thrived in this climate, and traditional Maori horticulture also underwent a revolution. Thus Maori society began its inexorable journey of change and evolution. Much of the change they embraced, for it increased the wealth and mana of the tribe (Walker, 1990).

Within two generations of Cook’s arrival, Maori society and political economy had undergone massive upheavals, while the traditional Maori worldview, spirituality and social structures still held sway. By 1831, New Zealand exported to Sydney alone £34 000 of goods, such as spars, tree-nails, pigs, dressed flax (for ropes) and whalebone. These goods required extensive manufacturing infrastructure, and with fewer than 100 Europeans in the country, that manufacturing infrastructure and expertise had to come from the tribes. In that same year, New Zealand imported some £30 000 of trade goods, most notably guns, horses, alcohol and steel tools. The tribes were operating a trade surplus equivalent to many millions of dollars in contemporary currency. This surplus was reinvested in the purchase of sailing vessels, the construction of flourmills and further expansion of trade beyond New South Wales (Henry, 1999).

The first and primary points of contact between Maori and European tended to be in Northland. Thus the Northland tribes tended to be the first to acquire trade goods, and were the site of the earliest missionaries, who also brought trade opportunities and
contacts with the outside world. Whilst Maori trade flourished in the 1830s, many tribes still suffered the consequences of tribal warfare that reached unprecedented levels of savagery in the 1820 and early 1830s. These battles, now known as the Musket Wars (Crosby, 1999), ravaged those tribes who acquired the dreaded musket in only the later stages of the war. These battles resulted in massive changes in the location of tribes, their mana and prestige, their trading capacity and wealth. Some traces of those intertribal conflicts can still be felt in present-day tribal communities.

One northern Chief, Hongi Hika, had been the first to acquire a musket in 1813, and to realise its potential as a weapon of mass destruction (Urlich-Cloher, 2003). In 1820, Hika and a companion, Waikato, travelled to England with the missionary Thomas Kendall, ostensibly to work on a dictionary of the Maori language with the famed linguist Professor Lee at Cambridge University. However Hika was also a guest of King William IV, entertaining his court as a tattooed savage from the South Seas, who was also an erudite scholar. On his return to Aotearoa New Zealand, Hika stopped in Sydney, and traded his fine gifts from the royal court for a boatload of muskets. From 1821, Hika began the most ambitious and aggressive onslaught on the tribes to the south. He forged together the disparate sub-tribes of the north, under the single banner of Ngapuhi, which remains the biggest tribal grouping in the country.

While one explanation for Hika’s behaviour might be that of simple and brutal retaliation against age-old enemies, one can also detect an underlying strategic intent. In the view of this author, Hika had experienced the wonders of the European world; an aristocracy, the English Crown, had embraced him. I believe Hika was seduced by the notion of imperial leadership, controlling a whole nation. However Aotearoa in 1820 was not a nation, it was a loose confederation of tribal principalities, linked by whakapapa/genealogy and common interest. If Hika envisaged himself as the imperial ruler of a nation, then first he had to convince the other great chiefs to integrate and to form a nation. This could take a lifetime of negotiation and oratory, or he could try to weld the tribes together in a common fear, of himself and the musket, as well as the potential of the outside world to rob them of their tribal sovereignty. Seen in that light, his barbaric rampages of the 1820s, which were often concluded by the forging of a strong and robust peace between his and the vanquished tribes, makes strategic and political sense. Unfortunately Hika fell in battle in 1828, so we can never really know his underlying motives.

However the colleague with whom Hika had travelled to England, who was also a notable chief of the period, may have continued his work. From the beginning of the 1830s, the north tribes worked hard to develop a strong relationship with the British Crown. A group of these chiefs went so far as to write to King William IV in 1831, seeking his protection against what they called the ‘tribes of Marion’. The tone of the letter sounds supplicating, unless one realises that this is part of the Maori skills in oratory, that is, to diminish oneself, the speaker, so as to uplift the mana of the audience. The royal response to this letter must have been affirmative, as a British presence in the country, though not formalised by colonisation or annexation, became more common in the ensuing years.

Thus, by the early 1830s, the tribes (predominantly in the north and around missionary and whaling settlements in the south) had superimposed a capitalist political economy on their traditional subsistence, communistic society. Many of their chiefs were successful international traders. Paradoxically these same chiefs might also be battle-weary warriors.
In this milieu of radical social, political and economic change grew the notion of nationhood. However the nationhood of the Maori had to protect the tribal sovereignty of the chiefs.

It is in this political climate that the chiefs, again predominantly from the north, forged the document we now know as the Declaration of Independence. This Declaration created a nation, under the political power of the Confederation of Chiefs, who would meet regularly to make laws and govern the land, and whose sovereignty was absolute. This Declaration was signed in October 1835, and in 1836 the British Parliament received it. In 1834, the Confederation of Chiefs had designed an ensign, which was to be flown on all Maori trading vessels. Once the British Crown had accepted the Declaration, all Maori shipping that flew the Maori flag would be accorded the protection of the British Royal Navy. This protection was crucial for a trading nation that wished to expand into the Americas and Asia.

So we can see that, by 1835, the Maori tribes had, in many ways, begun to progress beyond their fledgling trading origins and were embracing a model of nationhood that enabled their tribes to maintain their sovereignty while belonging to a bigger political entity. The Musket Wars drew to a close, as trading opportunities grew apace. It is in this political climate that, in early 1840, Captain Hobson was despatched to Niu Tireni (as it was known to the Maori), with instructions from Lord Normanby to treat with the natives, to sign an accord that would cement colonial links with the country and to ensure that the natives were treated fairly and well during these discussions and their outcomes. Hobson met a group of some 50 chiefs and their tribal members at Waitangi in the northern Bay of Islands. For three days, the oratory and debate raged. Many chiefs did not want a formal colonial relationship with any outside group. However the passionate arguments in favour of a formal alliance with the British Crown would have been supported by the fact that, for 71 years, relations with Britain had been mutually beneficial. Eventually that position held sway, and in 6 February 1840, the tribes of New Zealand and all their lands became a formal part of the British Empire, with the signing of the Treaty of Waitangi.

The majority of the 500 and more chiefs that signed the Treaty had signed the Maori language version, which protected and ensured the sovereignty of the chiefs, but accorded to Britain the right to govern. However the English language version that was written by a junior ensign some months after the Waitangi meeting spoke of giving absolute sovereignty to the British Crown. Essentially, the Treaty comprises three articles. In the Maori language version, in the first Article, the chiefs granted governorship to the Crown; in the English version they ceded sovereignty. In the second Article, the Crown ensured the protection of Maori property and was granted the right to regulate land sales. In the third, the Crown bestowed the privileges and rights of British subjects. Thus from this ambiguous document began the continuing debate, which has underpinned relations between Maori and non-Maori in New Zealand since 1840.

Colonisation

For three years, up to 1843, the Maori tribes and British colonial government worked together to integrate the new legal and political institutions. However the chiefs were becoming increasingly concerned about the assumption of power and control that the new Colonial regime was adopting. Matters came to a head in 1843, as it began to dawn on increasing numbers of tribal leaders that the new government was not necessarily going to...
bring the expansions of trade and wealth that they had imagined. The rapidly increasing numbers of new settlers arriving in the country and expecting to purchase land exacerbated this situation. While many tribes were happy to accommodate the small numbers of settlers, prior to signing the Treaty, they became more reticent and disgruntled in the later 1840s. Eventually these tensions erupted into conflict, which spread throughout the 1850s and 1860s, in a period now termed the ‘New Zealand Land Wars’ (Belich, 1994).

Stevens (1988) has argued that Britain maintained three types of colonies, the extractive colonies like India, which were pillaged for their wealth, the penal colonies like Australia, which allowed Britain to export its potentially revolutionary peasantry, and its settler colonies. The latter included Canada and New Zealand and, according to Stevens, these countries provided Britain with a safe place to export their working class, so that they would never face the threat of a mobilised underbelly of society becoming revolutionary, as had happened during the French Revolution. This notion is certainly supported by the promotion of New Zealand by E.G. Wakefield and the New Zealand Company in the 1840s as an English garden in the South Seas, a place where an industrious man could own land, something which was not possible for the proletariat in Britain at that time. Therefore New Zealand became a magnet for the working class of England, Scotland, Ireland and Wales, and their insatiable appetite for land soon outstripped Maori desire to sell it.

These tensions eventually erupted into open warfare, which encompassed almost the whole country by the 1850s. In 1852, the British Crown gave to the New Zealand Parliament the right to rule independently, through the New Zealand Constitution Act. Thereafter the New Zealand government was given carte blanche to treat with Maori as they wished. The second half of the nineteenth century in New Zealand is marked by the savagery of the relationship between the settler government and Maori (Simpson, 1986).

By 1900, Maori people were reduced to penury in their own land. In the preceding 60 years, they had been reduced from 90 per cent ownership of their lands, to 10 per cent ownership of the country. The population had been decimated by warfare, disease and poverty, its communities were in disarray, and its leadership had been stripped of its mana, unless they kowtowed to the government agenda. This was a dark and terrible time for Maori people, marked by loss of whenua/land, rangatiratanga/chieftainship, and mana/prestige.

The new century brought some relief, in the form of a stronger political presence, and a new breed of Maori political leaders that were adroit in both the Maori and non-Maori worlds. However the prevailing views about Maori people by Pakeha (white New Zealanders) were deeply influenced by their notions of their cultural superiority and paternalistic ambivalence about Maori. Throughout the first half of the twentieth century, mainstream Pakeha New Zealand could ignore the Maori population, because they lived in rural and tribal isolation. They were ostensibly invisible, so they could be ignored, and the ‘myth’ of good race relations took root in Pakeha society. It was not until after World War II, when Maori drifted to the cities to fill the factories and rapidly growing urban ghettos, that Maori and Pakeha had to live alongside each other for the first time in decades (King, 1975). Only, this time, Maori were not protected by chieftainship and sovereignty, by warrior warlords and international traders; they were the factory fodder eking out an existence in the lowest socioeconomic strata. This, then, had been the legacy of the colonial experience for Maori, but that was to change dramatically in the last quarter of the twentieth century.
Maori renaissance

Walker (1990) argues that the Maori renaissance was fuelled by the generation of young, urban Maori, displaced from their tribal homelands, who capitalised on access to universities, and became a generation of articulate, angry and strident ‘radicals’. We can trace the emergence of the Maori renaissance to the 1970s, a decade that saw the rise of African American, Native American, Women’s Liberation, Anti-Vietnam and Anti-Nuclear movements. Many of these protest movements developed in the 1950s and 1960s, but it was not until the expansion of mass media and television in New Zealand in the 1960s, that their protestations were beamed nightly into the homes of millions. Protest and radicalism became familiar and normalised. The notion of protest, combined with their new insight into the tragic Maori history, which had been sanitised out of the mainstream New Zealand educational curriculum, and their burgeoning confidence as intellectuals, fuelled the Maori protest movement of the 1970s.

This decade was marked by waves of protest, sometimes violent but often passive, marches, land occupations and strident demands for the Treaty of Waitangi to be acknowledged, and for Maori grievance to be heard. For the first time, most Pakeha were confronted by Maori belligerence and anger. The seeds of racial discontent were sown; the myth of positive race relations was dispelled forever.

In 1975, after decades of campaigning, the government of the day created the Waitangi Tribunal, a judicial body with the power to investigate breaches of the Treaty of Waitangi. However, it was not until 1985, under a new government, that this august Tribunal was given the power and resources to look retrospectively at the events of 1840. Since 1985, almost 2000 claims have been lodged with the Waitangi Tribunal. To date, fewer than 20 have been settled, presumably with the mutual agreement of the government and the tribe.

The two most prominent settlements are those between the Crown and Tainui, and Ngai Tahu, whose combined value of financial redress came to NZ$340 million. While these sums seem large, the areas of land and the magnitude of the grievance make them paltry. For example, the Tainui Settlement relates to land that the Crown illegally confiscated because the tribes people dared to challenge the sovereignty of the Crown, referring to the First Article of the Treaty, and refused to sell their land, which continues to be the wealthiest and most fertile land in the country. In the case of Ngai Tahu, the tribe did sell land, on the promise that reserves would be set aside for their people. This did not eventuate, and Ngai Tahu lost the whole of the South Island, lands which are now worth billions. Thus $170 million is small recompense for land losses of these proportions.

As increasing numbers of tribes settle their grievances with the Crown, and are given some forms of financial and cultural redress, they then are able to plan more strategically for their development and the well-being of their peoples. Alongside these financial improvements, there continues to be a robust voice in the Maori community, arguing for a complete return of sovereignty, because they did not sign it away in 1840. Thus the Maori renaissance has spawned two quite different sets of warriors and leaders. These are the tribal business leaders, who manage the remaining lands, invest and increase the wealth of their tribes and, alongside these leaders, the political warriors, who argue for and demand tino rangatiratanga/political sovereignty. These two types of leaders have become increasingly differentiated, with the former being seen as the financial wizards and the latter being seen as a remnant of the radical struggles of the past. However, in 2004, we have seen a blurring of the line between these leaders, as the government has sought
to introduce the Seabed and Foreshore Bill, which will clarify and vest ownership of the coastline in the hands of the Crown. This proposal is utterly antithetical to Maori leaders, who have been supported by decisions of the Appeal Court and rulings of the Human Rights Commission. Both these bodies confirm that Maori can expect the right to assert customary ownership of the coastline, which they have not alienated and sold off over the preceding 164 years. The Crown's response has been to draft legislation to ensure that they ratify their ownership and control of the foreshore on behalf of all New Zealanders. Maori feel deeply aggrieved by this legislation, and their protests against it have galvanised the Maori community, across tribes, and brought political and economic leaders together in an unprecedented fashion. These are very interesting times in the Maori world.

One other group of Maori leaders has evolved over the last 35 years. These are the academics who have driven Maori intellectual endeavour in quite a different direction from the economic and political leadership, and who are increasingly identifying themselves as Kaupapa Maori theorists.

Kaupapa Maori
‘Kaupapa Maori’ is the term often used to describe traditional Maori ways of doing, being and thinking, encapsulated in a Maori worldview or cosmology. The earliest writings around this paradigm grew out of the education literature as Maori intellectuals strove to develop the case for a distinct Maori education agenda in the 1970s and 1980s. As a consequence of their thinking, and the protest movement that argued the loss of the Maori language was a breach of Article II of the Treaty, the government gave tentative support for the setting up of the first Kohanga Reo/Maori language early childcare in 1981. From those humble beginnings, the Maori education sector now (2004) includes nearly 1000 Kohanga Reo, specialist Kura Kaupapa Maori/Maori language primary schools, Kura Tuarua/Maori language secondary schools and three Whare Wananga/Maori universities. This educational system is predicated on Kaupapa Maori, and the results have been stunning. Sharples (2001) is one such Maori educationalist, who was also instrumental in setting up one of the earliest Kohanga Reo. He reported on the educational pathway of students going through their Kohanga Reo in the previous 20 years. Whilst the average number of Maori going from mainstream secondary to tertiary education is less than 20 per cent, at their Kohanga Reo the number of students progressing all the way to tertiary education was 83 per cent. The biggest university in the country is Te Whare Wananga o Aotearoa. There are an unprecedented number of Maori in tertiary study. These graduates will transform the communities from which they come, because the underlying premise of Kaupapa Maori education is the notion of doing things for, with and by Maori, in a uniquely Maori way, for the betterment of their people. This altruistic philosophy is often contradictory to the highly individualistic ethos of Western culture. In more recent years, the Kaupapa Maori paradigm has extended outside and beyond Maori education to encompass Maori development, Maori business and, as this chapter argues, Maori entrepreneurship.

Kaupapa Maori entrepreneurship
Kaupapa Maori entrepreneurship can be described as ‘social entrepreneurship’, in that it is entrepreneurial activity, but it is underpinned by social objectives to improve wealth and well-being for the community, rather than just the individual. Having made this point, we
also need to acknowledge that entrepreneurs operate in an environment of risk, and require the flexibility to capitalise on opportunities and develop new innovations, without being hamstrung by community decision-making processes and shared ownership of resources.

Thus the challenge for the Kaupapa Maori entrepreneur is to balance their individual desires to be entrepreneurial (which favours the notion that entrepreneurs are born, not made) with their sociocultural desires to contribute to the enhancement of their people, whether it be whanau (extended family, smallest tribal unit), hapu (a collective of whanau that share genealogical links) or iwi (the corporate tribal entity, which might encompass many thousands of people). Different tribes, communities and individuals are addressing Kaupapa Maori entrepreneurship in different ways.

We know from the recent Global Entrepreneurship Monitor Reports (GEM NZ) that Maori, as a sub-group of New Zealanders, are entrepreneurial. In the 2002 GEM NZ Report, Maori ranked eighth in the top 12 GEM countries, three places behind New Zealand as a whole, one place ahead of the United States and three up from Canada. However not all Maori entrepreneurs could be termed Kaupapa Maori entrepreneurs, for many are no doubt business people who happen to be Maori, rather than Maori expressing their commitment to their culture through entrepreneurialism.

According to Frederick and Henry (2004):

Although both Pakeha and Maori have high rates of total entrepreneurial activity, we find that Pakeha fit the ideal type, but Maori do not. Maori entrepreneurs do not stress materialism or individual accomplishment and thus stand out as deviations from the ideal type.

We find an explanation in the distinction between collective entrepreneurship and individual entrepreneurship. We believe that Pakeha entrepreneurship differs from Maori entrepreneurship along the individualism–collectivism spectrum. We conclude that there may be two types of entrepreneurship in New Zealand. There are the ‘rugged individualists’ who pursue the Pakeha style of entrepreneurial firm. Then there are the ‘harmonious collectivists’ who base their entrepreneurial aspirations upon the community expectations of the group.

This chapter will explore some of the variables that might differentiate Kaupapa Maori entrepreneurship, by looking at three different organisations. The first is an organisation that participated in the GEM NZ research, Kiwa Films, which is owned by an individual with a vision for creating an organisation for her whanau (extended family). The second is a non-profit organisation, created by a hapu (sub-tribe) to deliver social outcomes for their community. The final organisation under study here is an iwi (large tribal) trust.

Financially successful Maori Trusts are, unfortunately, not necessarily a norm. Far too often, Maori Trusts have come to prominence because of their failures, scandals and inefficiencies. Two of the case studies (the hapu and iwi organisations) come from a wider study, conducted by the Ministry of Maori Development and compiled by the Federation of Maori Authorities. The latter, FOMA, was set up in the 1980s, as a confederation of Maori Land Trusts, to empower and support the trustees who have responsibility for the last remaining Maori land resources. FOMA has grown to be one of the key players in Maori economic development, as well as representing the interests of hundreds of Trusts, who govern and manage millions of dollars of Maori resources.

As stated in the introduction to the 2004 Report, the idea was to develop a report that could be used to:
1. Assist Maori in the planning, preparation and mentoring of their businesses to become successful industry leaders,
2. Provide insight into governance, management and entrepreneurship and some characteristics of successful Maori organisations,
3. Demystify, balance or break stereotypical assumptions held by a large proportion of New Zealand’s population on ‘what and how’ Maori are involved in business. (p. 8)

The overarching recommendations derived from this and the 2003 Report focus on the need for Maori collective organisations (Trusts and non-profit organisations representing tribal communities) to develop strategic and governance plans. Underlying these recommendations is recognition that, for much of the last 164 years, Maori organisations and communities have been responding and reacting to the policies and practices of the government. Government policies have been found by successive generations of historians and academics to be paternalistic and racist (Henry, 1994; Orange, 1990; Walker, 1990; King, 2003). Thus it is only in more recent times that Maori leaders and business people have consciously sought to develop more strategic intent, more skills and more confidence, to ensure the success and viability of the organisations and businesses they create. These businesses are charged with delivering profits, improved services and opportunities back to their Maori communities.

Kiwa Films

Kiwa is the eponymous ancestor of Maori people, after whom they have named the Pacific Ocean (Te Moananui a Kiwa, the great ocean of Kiwa), and whom they share with other Pacific cultures. Rhonda Kite is the only Maori businesswoman to own and manage a multimedia enterprise, which incorporates Eden Terrace Post (a film audio post-production studio), Kiwa Film and Television Productions. Rhonda co-produced an award-winning television drama series (Mataku, TVNZ), which weaves Maori legends into modern settings. She has also won awards for her television documentaries exploring present-day Maori experience and society. Rhonda is also known in the IT sector as the inventor of a software program that speeds up the process of ADR (automated dialogue replacement), an intrinsic component of film production. This innovation came about because Rhonda had won a contract to convert American cartoons into Maori language, as an entertainment and educational project. She developed the software to make her job of dubbing the programmes easier and more financially viable.

Rhonda grew up in Otara, one of the poorest suburbs in Auckland, the largest city in New Zealand. Rhonda is the eldest of nine children, whose Maori mother died when she was young, and her English father raised the family. She is fiercely proud of her bicultural origins. Rhonda left school at 15, and was pregnant at 16. She travelled extensively as a young woman, and did not start in business until she reached her 30s. According to Rhonda,

Women tend to find their feet later in life. We take care of everyone else and then it’s our turn. I have better skills from my life experience and where I once had confidence, I now have something stronger – a high level of faith in myself. An ability to think three dimensionally is a key to successful Maori entrepreneurship. Maori women in particular are not in a position to make linear decisions. You can’t decide just on the basis of what’s good for you but have to think of your whanau and your people. With Maori, everything is wide open and anything’s a possibility. We
don’t shut the door when someone says ‘no’, but are more likely to look for other ways of getting there and that’s one of the roles of an entrepreneur.

Rhonda has been able to provide the business infrastructure to support her extended family in their goals. One sister manages the recording studio, a brother is now managing the IT firm, and another sister has set up a casting agency within the film and television business. For Rhonda, her business success must be mirrored by business success for her whanau.

Ngati Hine Health Trust

This Trust was set up in 1992 following the health sector reforms that encouraged Maori to deliver health services for Maori. The organisation was born out of tribal discussions on health issues in the Ngati Hine heartland, which houses some of the most isolated and poorest Maori communities in Northland. Ngati Hine is part of the confederation of Ngapuhi tribes. The Trust originally began as a tribal initiative, but demand for its services quickly extended to the wider community. The Trust, in 2003, serviced a client base of 7800, a significant proportion of the total local population.

Erima Henare was the Deputy-Chair of the Health Trust from 1994 to 2001, and then became the General Manager of Hauora Whanui, the Trust company that manages health services. Erima was a diploma student and continues to be a key driver in the Trust’s development. He is the son of the late Sir James Henare, who was the undisputed Chief of Ngati Hine until his death in 1991. Sir James had appointed three young men to become the tribal leaders of the future. All three, now in their late 50s, have gone on to fulfil their leadership roles in the tribe. Christine Henare, Erima’s wife, is the General Manager of the Health Trust. Though she is not of this tribe, but is Maori, she has devoted her professional skills to her husband’s people.

The core purpose of the Trust is the provision of holistic health services, which involves all the health, social and economic aspects that touch people’s lives in its community. The governance board comprises ten trustees. Originally these trustees were to be appointed by Ngati Hine Marae (local community centres, the buildings that represent the heart of the whanau community in traditional Maori society). However, as there were 21 Marae in Ngati Hine, the Trust Board was cumbersome, though truly representative. The trustees chose to reduce the numbers and seek people on the basis of expertise, rather than focus on community representation. A critical factor for Trustees is a commitment to the kaupapa and a strong sense of Ngati Hinetanga (tribal identity). The Trust is committed to improving Maori access to health services by making them affordable, reachable and culturally appropriate.

In terms of impediments to the Trust, Erima notes that none of the Quality Health Standards reflect Maori models but are all uniquely Pakeha models. ‘In this nascent period we are wanting to reinforce our rangatiratanga. We are trying to find ways to get government to understand the unique Maori factors in health provision.’ There are relatively few people on the ground delivering health services in terms of a kaupapa Maori framework. Erima notes that there seems to be a total absence of understanding of Maori management and governance. In discussing the notion of whanaungatanga (kinship) in health service provision, Erima noted, ‘some might view it as nepotism, but it is not unreasonable if you can trust your whanau and they have the skills to deliver’ (ibid., p. 56).

In conclusion, this quotation from the report: ‘In terms of real success measures, Christine comments, “When your local hospital tells you that admissions are reduced by
70%, you know you are being successful. Also, $4.5 million goes into the community in the form of salaries and wages, which makes us the largest employer in Northland, outside of Whangarei (the major Northland city). This is a massive contribution which is not always appreciated by critics” (ibid., p. 58).

This organisation is a non-profit Trust, not usually associated with entrepreneurs. However the entrepreneurial flair of the key drivers, Erima and Christine, has been a major factor in terms of the development of the Trust and its growth and expansion since 1994. Thus one could argue that these two people show a distinct inclination towards social entrepreneurship, and espouse their commitment to a Kaupapa Maori framework for the organisation, its strategic direction, governance and management. These would appear to be critical ingredients in the growth and success of the Trust.

Ngati Rarua Atiawa Iwi Trust

In 1853, Ngati Rarua and Te Atiawa, two iwi living in close proximity at the top of the South Island, in an area today known as the Nelson-Marlborough Region, were subject to Crown grants. That is, their land was given to the Bishop of New Zealand, to set up a school. No school was ever erected on those lands. In 1993, a Private Members Bill was enacted, the Ngati Rarua Atiawa Iwi Trust (NRAIT) Empowering Act, which gave the Trust its legal status, and gave effect to the resolution made by the Nelson Diocesan Synod of the Anglican Church to vest the assets for the Whakarewa School Trust Board in a Charitable Trust for the descendants of the original Maori owners.

In 2004, the Trust had 2000 registered owners, consisting of members of three hapu, two from Ngati Rarua and one from Te Atiawa. The assets of the Trust are communally owned by all descendants, rather than being based on different shareholdings for each individual. The Trust manages the 1200 acre land holding, and has $25–30 million worth of assets under its management. The Trust is involved in a range of business activities, including viticulture, horticulture and seafood.

The governing body of the Trust comprises eight trustees, six from Ngati Rarua and two from Te Atiawa, who are democratically elected on a three-year rotation system. The Trust employs a general manager, and gives him direction based on the strategic plan. There are approximately 60 staff in the Trust. In 2001, the Trust was divided into two divisions. Koru Investments is the commercial division and Social Co focuses on the social and cultural functions of the Trust. These two divisions have separate agendas and the recommendations from each meeting go back to the whole Trust. The Board has been split in half to work on these two aspects, although non-trustees can be invited onto the social and cultural committee. The trustees’ training needs are assessed, and each is encouraged to participate in professional development, such as the Institute of Directors’ programme.

This Trust was only created in 1993, with a relatively small land holding (1200 acres). However, between 1993 and 2004, it built its assets to more than $25 million. In 1999, its total assets were over $15 million, so we can assume that sound investment decisions have been made, judicious governance and management are occurring and benefits are being returned to the members of the tribe, the owners of the Trust.

Conclusion

This chapter has sought to present a brief history of Maori entrepreneurship and to articulate Kaupapa Maori entrepreneurship, as a specific type of entrepreneurialism. That is,
entrepreneurial flair, underpinned by a sense of commitment to Maori community, whether it be whanau, hapu or iwi.

Kaupapa Maori entrepreneurship extends the previously stated definition, which is entrepreneurship and innovation for, with and by Maori. Kaupapa Maori entrepreneurship can be viewed as a sub-set of social entrepreneurialism. However, I prefer to think of it as another important step in the survival and success of the Maori people. In other words, they have been visibly and profoundly affected by contact with Europeans. In the initial stages of that contact, they maintained mutually beneficial relationships with the outside world, and flourished. Their land, language, culture and mana remained intact. In 1840, they entered a formal relationship with the British Crown, opening the country up to a partnership with another imperial power. Unfortunately the colonial experience has not been kind to Maori and, within 100 years of signing the Treaty of Waitangi, they were bereft of their land, language, culture and mana.

Over the last 35 years, there has been an unparalleled resurgence in Maori identity, pride and development. Maori are increasingly taking charge of their land, language and culture and their mana. Entrepreneurship is one of the skill sets that are facilitating this process. Maori entrepreneurial leaders have as much to offer the political discourse as their political and activist leaders. Kaupapa Maori entrepreneurs may have close links to their tribal leadership, through whakapapa/genealogy, or they may be individual urban dwellers, a long way from their tribal roots. What is fascinating about the Kaupapa Maori entrepreneurs, though most may not even see themselves in those terms, is that they share a passion for making a difference for Maori people. They are creating and working in businesses, profit or non-profit, that strengthen their whanau, hapu and iwi, and creating robust and strategic organisations that can make and are making a profound contribution to Maori development.

Notes
1. Maori, or Maohi, is a term also used by the peoples of Tahiti, Rapanui (Easter Island) and Rarotonga to describe themselves and their language.
2. Mana has been defined as prestige, personal power and excellence.
3. Marion du Fresne was the captain of one of the first French vessels to visit Aotearoa, and for the tribes of the North his name became synonymous with the French people.
5. See Federation of Maori Authorities (FOMA) and Te Puni Kokiri (TPK) (2003), pp. 53–9.
6. See Federation of Maori Authorities (FOMA) and Te Puni Kokiri (TPK) (2004).

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Ngai Tahu: the New Zealand success story in indigenous entrepreneurship

Charlotte Paulin

Introduction

While indigenous groups around the world aspire to equalise their people’s depressed socioeconomic status to a standard akin to the first world, there is minimal evidence of the realisation of such an ambition in today’s society. In general, indigenous people are less educated, are concentrated in the lower income brackets, are more likely to be unemployed and thus have greater dependence on social welfare. The plight of indigenous people is common throughout the world: Indians in Canada, Aborigines in Australia and Maori in New Zealand all suffer from inferior standards of living in comparison to the remainder of their country’s population (Manuel and Posluns, 1974).

Frideres (1983) suggests that indigenous peoples’ struggle for survival is due to a struggle for identity. In the early nineteenth century, numerous facets of indigenous culture and traditional behaviour were forfeited in favour of colonial influences that offered new behavioural norms. However, colonisation led to the ultimate devastation of indigenous culture and a loss of control for its people.

La Violette (1973) reasons that, for any ethnic group to be able to survive, it must be able to assert control over its fate. Thus, in order for indigenous people to be able to develop economically, they must have full, uninhibited rights to control their lands, their people and their resources. Considerable land and resources were lost as a result of colonisation, ultimately leading to the depressed socioeconomic circumstances of indigenous people today. In order for improvements to be seen in indigenous cultures, recognition and compensation for land taken are a prerequisite to indigenous peoples’ economic development.

As Manuel, a Canadian Indian who first penned the term ‘The Fourth World’ to describe the plight of indigenous people wrote, ‘recognition of our aboriginal rights can and must be the mainspring of our future economic and social independence’ (Manuel and Posluns, 1974: 222). The Fourth World is the terminology associated with the orphanisation experienced by indigenous people at the time of colonisation. Ultimately, the loss of land and resources resultant from colonisation has reduced the economic independence of indigenous people.

The plight of indigenous people around the world is well documented by numerous authors from fields as diverse as entrepreneurship, sociology and politics. However, there is little recognition of the small but growing number of indigenous groups who are dedicated to relieving the socioeconomic depression of their people, and who are proactively pursuing strategies to achieve these goals.

An example of such an indigenous group is Ngai Tahu, a Maori tribe from the south island of New Zealand, which has established itself as a dominant player in the New Zealand economy and, as a consequence, has gained considerable recognition and respect within New Zealand society. The tribe had a significant financial boost from Treaty of
Waitangi injustices settled with the New Zealand government in 1998. Ngai Tahu maximised the potential of this financial settlement through wise investments, close monitoring of specific objectives and differentiation of responsibility, all under considerable tribal guidance. As a result, Ngai Tahu is flourishing economically and has become a dominant player in the New Zealand economy. The economic sustainability that has resulted from the financial settlement and subsequent economic activity has allowed Ngai Tahu to further develop the tribe and its members by investing in their social, cultural and educational needs.

This chapter outlines a case study of the Ngai Tahu tribe, and develops a framework which identifies the characteristics of Ngai Tahu’s success in their indigenous development, in order to allow other indigenous groups to learn from the Ngai Tahu success story. Specific factors that differentiate Ngai Tahu from other indigenous groups are outlined, focusing on the characteristic behaviour and decision making which has expedited Ngai Tahu’s socioeconomic and cultural revitalisation.

Ngai Tahu
Ngai Tahu is a Maori tribe from Te Waipounamu, the south island of New Zealand. They hold over 80 per cent of the tribal authority of the south island, and are New Zealand’s third largest Maori tribe with over 30,000 members. The tribe descends and takes its name from the ancestor Tahu Potiki, who migrated to New Zealand approximately ten generations ago (Ngai Tahu, 2003a).

Colonisation
New Zealand was not discovered by the Western world until 1642, when Abel Tasman, a Dutch explorer, crossed the water that now carries his name, the Tasman Sea, from Australia. However, it was not until after Captain James Cook, an Englishman, set foot on New Zealand soil in 1769 that New Zealand became well known to the Western world. By the early 1800s, considerable numbers of European settlers were arriving in New Zealand in the hope of starting a peaceful new life in a relatively untouched land.

Upon arrival, the British recognised that New Zealand was a sovereign state, as evidenced by the Declaration of Independence in 1835, which delineated New Zealand as a sovereign, independent nation. However, settlers were arriving from many different nations, so the British acted rapidly to ensure that their settlers had the right to live in New Zealand by offering to Maori the Treaty of Waitangi. The treaty was intended as a cooperative agreement, which would allow both Maori and British the right to live as equal citizens in New Zealand.

The Treaty of Waitangi
In 1840, seven high-ranking tribal chiefs of Ngai Tahu joined a total of 542 Maori chiefs in signing the Treaty of Waitangi, an agreement between the Queen of England and the Maori people, in an attempt to help the two races live peacefully together. The Treaty of Waitangi was designed to give the British settlers the right to live in New Zealand, while promising Maori continued ownership and authority over their lands, forests and fisheries for as long as they wanted. Furthermore it promised to protect all things valuable (taonga) to Maori people.

There were two versions of the Treaty of Waitangi, one written in English, the other in Maori. Considerable discrepancy is evident between the two, primarily as a result of a lack
of fluent Maori speakers who were able to translate accurately the English version into a fair representation in Maori. It is interesting to note that, of the 542 Maori chiefs that signed the treaty, the vast majority (512) signed the Maori version, with only 30 chiefs signing the English version.

Numerous issues arose with the Treaty of Waitangi, primarily due to a lack of understanding on both the Crown’s and the Maori’s behalf. Translation between English and Maori terminology for sovereignty, governorship and chieftainship was confused. In addition, the concept of land ownership and sale was foreign to Maori. When they agreed to ‘sell’ land, they believed they were entering into an agreement where the British could also use the land, not a finite arrangement where the land was no longer theirs. Furthermore Maori did not consider land to be ‘owned’ by one person; rather, it belonged to an extended family or the tribe. Considerable problems arose as the British began to claim land as theirs and exercise their rights of governorship, believing that Maori had ceded sovereignty to them. Maori were indignant, and protested vocally, and the land wars that began soon after the signing of the treaty continued for many years to come.

The Crown made a series of ten major land purchases from Ngai Tahu, starting in 1848. In total, 34.5 million acres of Ngai Tahu land was sold, for a total of 15,000 pounds. Ngai Tahu agreed to the sales upon the condition that 10 per cent of the land sold was to be set aside as reserves for the tribe’s economic development, in addition to the Crown establishing schools and hospitals for the Ngai Tahu people. Neither of these promises was honoured.

From as early as 1848, Ngai Tahu petitioned against the Crown for failing to fulfil the Treaty of Waitangi and land sale contracts. When negotiations over ‘Te Kereme O Ngai Tahu’ finally began in 1991, it was estimated that the 10 per cent of land that was not set aside for Ngai Tahu use was worth in excess of 20 billion New Zealand dollars.

The Ngai Tahu settlement

The Ngai Tahu claim over land sale contracts that were not honoured was finally settled on 29 September 1998 (Ngai Tahu, 2003a). The financial value of the claim was agreed upon at $170 million, making Ngai Tahu one of the biggest players in the south island economy. Furthermore cultural redress acknowledged the importance of Ngai Tahu’s involvement in resource management and Department of Conservation activity. The New Zealand government guaranteed that Ngai Tahu’s consent would be obtained prior to any action being passed, should any conservation or resource consent issues arise in the future within Ngai Tahu’s tribal domain. In addition, the Crown officially apologised to the people of Ngai Tahu, and gave back Mt Cook, a prominent piece of land that holds cultural significance for the Ngai Tahu people. In recognition of their desire for both Maori and non-Maori to live in equality and harmony in New Zealand, Ngai Tahu returned the renamed ‘Aoraki Mt. Cook’ to the people of New Zealand the same day.

‘Te Kereme o Ngai Tahu’ was the first comprehensive claim in the history of the Treaty of Waitangi. Whilst there has been some criticism of Ngai Tahu’s willingness to accept that their customary rights are extinguished and that they are no longer able to claim against the treaty, the tribe recognises that in order to go forward they need to irrefutably deal with the past (Ngai Tahu, 2003b). In addition, Ngai Tahu and the New Zealand government acknowledged that, while the redress package was not considered complete compensation for loss of land and resources, it would serve as a stepping-stone to relieve the
current socioeconomic depression and revitalise the traditional culture of Ngai Tahu people (Coates, 1995).

Ngai Tahu were intelligent in their economic redress of Te Kereme, as they insisted on a statement that guaranteed them the right of pre-emption on the sale of any Crown land within the Ngai Tahu domain. Through purchasing considerable volumes of this land at government valuation in the first year after the settlement, and selling again very quickly at market price, they took the financial value of the claim from $170 million up to $500 million. In addition, they insisted on a relativity clause, which ensured that, if the total value of the treaty claims does go over the government-imposed fiscal envelope of $1 billion, the Ngai Tahu settlement will increase proportionately.

Ngai Tahu was the first Maori tribe to reach a full and final settlement with the New Zealand government for Treaty of Waitangi injustices. Having campaigned for years prior to reaching settlement, they were extremely careful to make wise investments and monitor the financial activity of the tribe closely so as to guarantee the future financial sustainability of the tribe.

Ngai Tahu’s actions since the settlement
Ngai Tahu’s foresight in requiring that their claim appropriately addressed the tribe’s suffering and financial hardship over the last century is certainly admirable. However it is the progress that Ngai Tahu has made from their financial compensation in particular that has distinguished them as a model indigenous tribe.

There are numerous characteristics which have been fundamental to the economic establishment and growth of Ngai Tahu. The factors that distinguish Ngai Tahu from other indigenous tribes that have proved crucial to their success are outlined below.

Success characteristics of Ngai Tahu

Te Runanga O Ngai Tahu
‘Te Runanga O Ngai Tahu’ is an organisation that was established by Ngai Tahu to service the tribe’s customary rights and ensure that the benefits of the treaty settlement continue to grow for future generations. It is the legal identity and authorised voice of the tribe, and is responsible to the members of Ngai Tahu. Directors from the Papitupu Runanga (regional sub-tribes) of Ngai Tahu control three organisations that are individually responsible for the administration, economic activity and tribal development that fall under Te Runanga o Ngai Tahu. These are the ‘Office of Te Runanga o Ngai Tahu’, ‘Ngai Tahu Holding Corporation’ and ‘Ngai Tahu Development Corporation’ respectively (Ngai Tahu, 2003a).

Differentiation of responsibilities
By separating the tribal administration, finance and development into three distinct entities, Ngai Tahu has effectively created Strategic Business Units, each of which has specific objectives that work towards the ultimate purpose of building a stronger economic, social and cultural base for the Ngai Tahu people (Ngai Tahu, 2003b).

The Office of Te Runanga o Ngai Tahu covers the corporate direction of the tribe, controls the administration and accounting issues, and provides underlying direction for Ngai Tahu (Ngai Tahu, 2003b).

Ngai Tahu Holding Corporation has a very specific objective: to foster the financial position of the tribe by building up economic assets. Tribal assets are invested in three main
areas: the Ngai Tahu Seafood, Tourism (Shotover Jet Ltd and Whale Watch Kaikoura Ltd) and Property groups. These assets are kept at a sustainable level to ensure the long-term financial stability of the tribe. However, in the short term, earnings from these assets provide the monetary base for the educational, social and cultural development of the tribe (Ngai Tahu, 2003b).

**Ngai Tahu Development Corporation** is responsible for the educational, social and cultural development of Ngai Tahu people. It aids in developing tribal people’s assets and wellbeing through educational scholarships, and financial grants for special projects, health schemes and cultural ventures, all of which are funded by the surplus earnings of the commercial assets of Ngai Tahu. The funding available for development is dependent on the annual performance of Ngai Tahu Holdings Corporation. In the 2002/2003 financial year, a total of $8.5 million was allocated to the social, cultural and educational development of Ngai Tahu people (Ngai Tahu, 2003b).

The differentiation of Ngai Tahu responsibility into strategic business units reduces the potential for conflict that may arise through differing objectives. For example, while the ultimate goal of the Holding Corporation is to achieve profit maximisation, the Development Corporation aspires to improve the educational, cultural and social development of Ngai Tahu members – objectives that could potentially diverge. In addition, the differentiation of responsibility allows the tribe to place high levels of accountability on individual divisions of the organisation.

**Reinvestment**

The ability of Ngai Tahu to provide for future generations as well as the present is fundamental to their long-term sustainability. A distribution policy was necessary to ensure that an adequate proportion of the returns on assets were reinvested, while there was still a substantial quantity of funding available for development. By 2005, Ngai Tahu aspires to be reinvesting in investment and distributing finances for development in equal proportions (50 per cent–50 per cent). At present, a greater proportion of the returns is allocated to reinvestment, to ensure the long-term viability of Ngai Tahu (Ngai Tahu, 2003b).

Ngai Tahu’s commitment to reinvestment, while faced with the conflicting objective of immediate tribal development, is a sound decision which will reap benefits for the tribe in the years to come. Thus, Ngai Tahu demonstrates a dedication to the future at the same time as providing the financial means for the current developmental needs of tribe members.

**Tribal and commercial assets distinction**

Ngai Tahu has made a clear-cut distinction between their traditional tribal assets and their commercial assets (Sullivan and Margaritis, 2000). Upon land claim settlements with the government, it is the norm for Maori tribes to have a certain amount of land which accompanies direct financial compensation. While this land is intended as a commercial asset to be used in economic development, other land included in the settlement is returned because of its cultural significance to the tribe. Many indigenous groups fail to make the distinction between these two types of land, which can prove disastrous when used in financial investment.

Tainui, a North Island tribe that was allocated a financial settlement comparable to Ngai Tahu’s, failed to classify tribal resources as an individual group of assets to their commercial
property. By doing this, they did not specify that their traditional lands should not be used as collateral in commercial investment. When Tainui’s investment in the Warriors Rugby League team proved to be a defective venture, they found they had to sell off a portion of the land that should have been reserved as tribal resources in order to recover their debt (Mutu, 2001).

By allocating a ‘reserved’ status to tribal land and resources, which specifies that tribal property cannot be used as collateral for financial or commercial investment, Ngai Tahu has ensured that these lands will always be preserved for their intended tribal purposes.

Financial objective
Ngai Tahu’s financial objective is to operate as efficiently and effectively as any private organisation, with the ultimate goal of profit maximisation. It does not consider itself a public entity, rather it is managed as a private business that is ‘essentially based on standard commercial practices that seek to generate significant and sustainable returns to assets’ (Sullivan and Margaritas, 2000:276). By aiming for profit maximisation, Ngai Tahu believes it will be offering tribe members the greatest developmental opportunities, which are made increasingly possible through a sound economic base.

By setting such high standards of profit maximisation, Ngai Tahu is allowing its tribe the best chances of revitalisation. Its considerable financial assets are already providing for the development of its members in the short term, while long-term sustainability is guaranteed through a conservative investment programme.

Financial support
Ngai Tahu does not act as a welfare service for its members; rather it encourages Maori entrepreneurship by offering business start-ups loans from the finance division of Te Runanga O Ngai Tahu. A loan from Ngai Tahu Finance is by no means an easy option: they charge full commercial interest rates, and payments must be made on time. Ngai Tahu Finance proudly testified in 1995 that only 4 per cent of the companies it has supported had failed, in comparison to over 50 per cent of other start-up companies in New Zealand (James, 1995).

In offering loans rather than grants, Ngai Tahu allows people who may not be able to get a bank loan the opportunity to realise their aspirations of entrepreneurship and business start-up. At the same time, they send a clear message to their tribe members: they are not a welfare service; rather they encourage and support Maori people who actively seek self-employment.

Employment
In contrast to the norm in many indigenous tribal organisations, Te Runanga O Ngai Tahu hires the most experienced, qualified individual for any job vacancy that arises (Ngai Tahu, 2003a). Many indigenous organisations operate within a policy which favours the employment of their own people in order to improve levels of tribal affiliation and reduce the unemployment within the tribe. While Ngai Tahu aspires to be an organisation run by its own people, it recognises the need to employ the most appropriate person, regardless of their status, in order to achieve its objectives of sustainability.
Investment in education
A fundamental area of development for Ngai Tahu is evidenced in its considerable investment in its tribe members’ education. The rationale behind such an investment lies in the knowledge that the future of the tribe lies in the hands of the next generation. While Ngai Tahu recognises the need to employ the most appropriate person for a job in the short term, it is its intention to educate its people in the hope that, in the long term, there will be Ngai Tahu people who are aptly educated to work within the tribe. Furthermore, for Ngai Tahu to continue to grow and improve its socioeconomic circumstances, the young must be educated. Ngai Tahu recognises that an individual’s education is critical to improving their likelihood of success.

Thus the purpose of supporting and investing in education is twofold: to improve the socioeconomic circumstances of Ngai Tahu people in the future, and to provide a new breed of tribal leaders who have the skills to direct and maintain the organisation and its assets in the future. In the 2002/2003 financial year, approximately $500 000 was spent on Ngai Tahu education, through tertiary scholarships and strategic education interventions (Ngai Tahu, 2003b).

Investment in culture and tradition
The restoration of Maori culture and tradition is of paramount concern to Ngai Tahu. The tribe recognise that, while they need to have financial objectives of profit maximisation, at the same time they must stay true to their traditional cultural roots. Therefore Ngai Tahu has identified several aspects as its fundamental areas for cultural development. Currently a cause for concern is the lack of fluent Te Reo Maori speakers.3 Ngai Tahu spent $290 000 in the last financial year towards the restoration of the Maori language and the Ngai Tahu dialect. In addition, $100 000 was allocated to Rock Art interpretation and $300 000 to tribal communications, in an effort to revitalise cultural heritage (Ngai Tahu, 2003b).

Ngai Tahu 2025
In 2000, Ngai Tahu instigated Ngai Tahu 2025, which is a ‘living’ document that outlines the tribal aspirations for the future, with specific objectives that the tribe is aiming to achieve by 2025. ‘Ngai Tahu 2025 is about tino rangatiratanga. It is about the ability to create and control our destiny’ (Ngai Tahu, 2003c:3). In order to develop a document that accurately reflected the ambitions of the tribe; a ‘Vision Focus Group’ was formed, and charged with the responsibility of developing long-term strategy that would guide Ngai Tahu to a highly desirable place by 2025. Following this, the vision was discussed at 14 hui (meetings) held throughout the country, with extensive consultation with numerous members to ensure Ngai Tahu 2025 was a document that accurately encapsulated the aspirations of the tribe. Ngai Tahu 2025 is divided into nine sections, a reflection of the areas that emerged as fundamental to the tribe’s development in the future: Natural Environment, Tribal Communications and Participation, Culture and Identity, Influence, Paptipu Runanga Development, Social Development, Education, Governance and Organisational Development, and Investment Planning. Each of these sections has outcomes which Ngai Tahu wants to achieve in the next five to 25 years, and situations that are desirable to the tribe. Key issues and assumptions are identified, in recognition of the challenges ahead (Ngai Tahu, 2003c). Progress towards Ngai Tahu 2025 is closely
monitored, with compliance assessed annually and reported back to tribal members in detail in the annual report.

By outlining specific objectives of the tribe, Ngai Tahu has set benchmarks that allow relative assessment of its progress in its self-determined developmental programme. In addition, it has distinguished itself as a tribe which is not afraid to dream, nor one which is afraid of actively pursuing its dreams.

**Progress report**

In the short time since the government settlement for Treaty of Waitangi injustices, Ngai Tahu has made significant progress in terms of its socioeconomic position. While its demographics are still relatively depressed in comparison to the overall New Zealand population, Ngai Tahu has achieved the lowest unemployment rate (10 per cent), the highest labour force participation rate (72 per cent), the highest proportion of members with a qualification (70 per cent) and the highest rate of home ownership (with or without a mortgage) (45 per cent) of the ten largest Maori tribes in New Zealand (Statistics New Zealand, 2001).

These figures give an indication that Ngai Tahu’s socioeconomic development will progress further, towards a place where it will have socioeconomic statistics akin to those of the remainder of the New Zealand population.

**Conclusion**

Ngai Tahu has clearly established itself as a tribe that is leading the way in indigenous development, demonstrated through a dedication to relieving the relative socioeconomic depression of its people. While they are concerned with achieving immediate goals of improving education attainment, participation in the workforce and decreasing unemployment, they devote equal attention to reinvesting their assets’ returns in order to sustain and improve the economic stability of Ngai Tahu in the long term. Under considerable tribal guidance, Ngai Tahu has made wise investments, differentiated responsibility into strategic business units and developed specific objectives, which will lead the tribe to a highly desirable place by 2025. These objectives also take into consideration the need for the development of the social, cultural and educational aspects of tribe members. In the short space of time since settlement with the New Zealand government, Ngai Tahu has already indicated its dedication to achieving these objectives, as well as making tentative steps towards relieving the depressed socioeconomic circumstances of its people.

**Notes**

2. A division of the Ngai Tahu Holding Corporation.
3. Te Reo Maori is the Maori language.
4. Five years (1998–2003) is considered a relatively short period of time in comparison to the 150 years since the Treaty of Waitangi. Figures given are from the 2001 Census, thus the statistics are indicative of change that occurred over a three-year period.

**References**


44 The importance of traditional Maori values for necessity and opportunity: Maori entrepreneurs – iwi-based and individually owned

Virginia Warriner

Introduction
Maori who are the indigenous people of New Zealand are a society that is based on kinship groups, sub-groups or hapu which belong to a larger tribal group or iwi (Merrill, 1954; Walker, 1990; King, 2003).

Academics, historians and writers on Maori economic activity considered Maori to be heavily engaged in entrepreneurial business activities even during the pre-European era (Merrill, 1954; Firth, 1972; Waitangi Tribunal, 1988; Belich, 1996; Hawkins, 1999). When the Europeans arrived, early historians in economic disintegration theory (Cumberland, 1960; Wright, 1967) suggested that, as a result of the introduction of European technology, they would see ‘the collapse of Maori traditional values and confidence’, and Maori technology ‘largely destroyed’.

However Maori responded to the Europeans’ arrival by adopting western economic ideas and technologies (Frederick, 2000; Potiki, 2004) and, according to Merrill (1954) surprised some with their individual entrepreneurship, as the Maori resource base was essentially perceived to be established on collective principles. Schaniel’s (2001) view further supported the notions that, not only did new European technology generate ‘new opportunities’ for Maori, but it did not lead to the disintegration of that society.

Equally recognised today is that there are many Maori entrepreneurs achieving great things (Springall, 2004). For example the Tamaki Brothers, founders of theme parks in Rotorua and Christchurch, have built a successful business centred on Maori beliefs and practices and this follows through in their management style (Greene, 2004).

Maori values are based on many principles and the ones that will be of focus in this chapter include whanaungatanga or relationships (Mead, 2003), manaakitanga meaning ‘to support, care for others’, kaitiakitanga (guardianship), rangatiratanga (leadership) and aroha, meaning love, compassion, respect (Patterson, 1992a, 1992b; Durie, 1998; NZIER, 2003). It is perceived not only as happening on an individual basis but as involving communities and the international arena.

The purpose of this chapter is to identify whether Maori necessity entrepreneurs (NEs) and opportunity entrepreneurs (OEs) consider traditional Maori values as being important to their business operations. The specific objectives of this research are (a) to explore the notion of traditional Maori values and their relevance for Maori entrepreneurs, (b) to assess the degree to which traditional Maori values are being incorporated into the business activities of Maori entrepreneurs, and (c) to identify the importance of traditional Maori values to the ongoing existence and business practices of the Maori entrepreneurs surveyed.
Literature review

Maori entrepreneurship

Mataira’s (2000) thesis on Maori entrepreneurship defined Maori entrepreneurs as ‘bicultural pioneers who walk between distinct yet intricately woven worlds of strategic business decisions, tribal politics, family politics and assessing opportunities on a regular basis’. The study highlights the point that ‘entrepreneurship offers the leverage for Maori development and the delivery of opportunities to Maori’ (Mataira, 2000: 276).

Essential as well to Maori (indigenous) entrepreneurship is the need for leadership or rangatiratanga that is able effectively to bring together the cultural values and ethical considerations of the people in relation to commercial practice and governance (de Bruin and Mataira, 2003). This leadership is deemed important, according to de Bruin and Mataira, if Maori wish to capture the entrepreneurial value and potential that exists in tribally owned resources.

Maori, according to the 2003 GEM Report (Frederick, 2004), have an 11.9 per cent rate of total entrepreneurial activity (TEA) in comparison to 14 per cent for the rest of New Zealand. If Maori were an individual country it would be ranked seventh against 37 other entrepreneurial countries in the world. In terms of necessity entrepreneurship, Maori are rated higher than non-Maori, and slightly higher on a global scale compared to other GEM countries. Maori also make up 14.3 per cent of total NEs of which there are estimated to be more than 44 000 New Zealanders. On the other hand the proportion of Maori OEs is estimated to be only 8.4 per cent in total.

Maori cultural values

Maori culture is unique to New Zealand and sets New Zealanders apart from other westerners and indigenous communities overseas. Embedded within Maori culture are traditional values that represent a Maori worldview that is based on strong whanau, hapu and iwi (family, sub-tribe and tribe) affiliations connected to ancestral land. Thus the Maori worldview is centred on whakapapa (genealogy) and whanaungatanga.

Maori business managers recognise that business principles and practices must largely conform to those of contemporary business if they are to succeed. For example, the GEM Report (Frederick, 2004) emphasised the point that whanaungatanga is seen as being incompatible with individualistic business practices, or people are being appointed because of their whakapapa rather than the skills they may possess.

Kerr (1995) is of the mind that, the more Maori businesses adopt the characteristics of normal commercial organisations, the more they are likely to succeed and achieve results. He further states, ‘allowing open competition amongst business forms is one ingredient in economic success and it is important to Maori success in business, to avoid constraints on such competition as possible’. Modifications to Maori cultural values are deemed part and parcel of economic growth and development.

Henare and Lindsay’s paper on ‘traditional values and sustainable economic development in the context of APEC’ (1999) suggest that many Maori businesses regard profit as important for business maintenance and growth, but also regard the community as an important long-term stakeholder. They also concluded that indigenous communities are strongly driven by cultural considerations and traditional values and thus would have an important role to play in terms of sustainable development.
NZIER (2003) further stated in their report on Maori economic development that in some instances Maori organisations have to modify their view on cultural values when taking into consideration economic factors. For others the two can be balanced. The report, according to James (2003) also pointed out that ‘cultural values can become an all-purpose excuse for mismanagement and low quality governance’.

Methodology
In addressing the topic of this chapter, the researcher initially had to identify Maori entrepreneurs that fitted the criterion of being one, either as an individual or being part of one that was tribal based. They also had to be willing to be interviewed in depth so the researcher could gain a sufficient insight into their views on cultural values. This was finally achieved through much negotiating with the participants on their involvement. Even though the researcher is of Maori descent and is affiliated to those participants through iwi and hapu links, the correct tikanga (process) needs to be followed. So this research became a working paper in progress until its final submission.

Participant Maori entrepreneurs interviewed for this research were two highly talented self-employed artists, two self-employed consultants and three directors/Maori trustees of iwi/ hapu trusts, incorporations and a limited liability company. Interviewees first read an information sheet outlining the purpose and objectives of the study, their rights as participants and a statement declaring that the study has been judged to be of low risk by one of Massey University’s Human Ethics Committees. Signing of a consent form by participants gave permission for the researcher to continue with the interviews. The interviews took anywhere between three-quarters of an hour to an hour-and-a-half and questions followed a semi-structured approach so as to allow the discussions to flow.

Finally, and most importantly, it should be noted that the answers and information given in the following section are solely the views of these participants as individuals/directors/trustees and not those of other shareholders/directors/trustees of the Trust boards, incorporations or company that they mention. There was also no sensitive or confidential information asked for or given in relation to the business activities of these organisations, so none will be conveyed in the results to follow.

Discussion
Before embarking on in-depth questions relating to NEs, OEs and cultural values, general demographic data on the role/positions held, length of involvement, industry or product produced, year of establishment, business type, turnover and so on of the business were gathered. The data showed that three held the roles of directors or trustees, two were in partnership with their wives in the business, and two were the sole owners of their businesses.

The longest established organisation was the Pouto Topu A Trust (Pouto Topu) that had been operating for over 50 years and the shortest was around six months to a year. One of the directors has been with TUOH Incorporation as a trustee for 11 years, as well as being a trustee for the Pouto Topu for seven years, and one of the consultants has been operating his business for about ten years.

The main question of whether they considered themselves to be an NE, OE or both, in relation to the businesses they either own or are part of as a director/trustee, was also
posed. Interestingly, one entrepreneur at the beginning of the interview perceived herself as being only an OE, while all six others stated that they were both. The one that considered herself an OE answered:

I was surprised when someone offered me $250 for a kete [Maori flax basket] and another offered $1200 for a large flax wall hanging. I was most flattered and could see myself heading towards commissioned-type pieces of work, huge opportunities in producing pieces of work that bring satisfaction to a lot of people.

Some of the others that considered themselves to be both stated:

From a NE point of view I had to create a job when I became a trustee because you can’t be an employee as well as a trustee. From an OE point of view it’s just extended on the knowledge I already had, extending that knowledge into consultancy and advisory work.

It’s a necessity for a lot of my clients and it’s an opportunity for me. Personally as an opportunity you actually have to have the skills and the experience. If you don’t have that particular background, you could have an academic background but a lot of people actually don’t give you any credit, unless they see the type of business that you’ve been involved in.

Is there a difference? I fit them both but it’s very hard to distinguish the line that’s drawn the parallel between the two and to find that place of integration. It’s the exposure to influences since childhood . . . to me entrepreneurship is a lifetime pursuit, you get shaped in childhood when the old people identify those who are capable of developing for the benefit of the hapu.

When asked what was their position or their role as an entrepreneur, some of the comments were particularly enlightening:

You need to have the skills and it’s about your relationship and your ability. It’s not about you drumming up business, it’s about word of mouth and how people come to you. One of the other things about being a Maori entrepreneur is that they tend to discount your rates from the point of view that they think there should be an element of aroha (love, compassion) in your process.

I like taking advantage of other people’s weaknesses, other people’s lack of knowledge. I have a strong preference to be self-employed, I don’t like being an employee.

As a Maori entrepreneur I’m always looking for an avenue to better our people. I’m looking forward as well as reflecting back on the law on the history of our people and then looking for a way forward.

Another key question put to the interviewees was whether they thought iwi or hapu could be seen as an entrepreneurial entity, or whether it was just for individuals when it came to business:

Yes I think iwi/hapu can be entrepreneurial. What it does require them to do though is to reconcile the spiritual world in relationship to the physical and economical world. That is the hard part for Maori. It is possible.

It depends on how you structure your business and how you manage it to get the most entrepreneurial gains out of it. They don’t usually include a lot of people and if you’re going for strong entrepreneurship, it doesn’t come with big organisations. Entrepreneurship doesn’t tend to happen with traditional businesses like agriculture, forestry and that’s what iwi/hapu businesses are generally about.
If we take our Te Uri O Hau Settlement Trust (TUOH Settlement Trust) it has the ability through its legislation and Deed to be self-supporting, have self-determination (or tino rangatiratanga) and be sustainable. It has the ability to explore opportunities that are within the Deed which we have already taken advantage of. Some of these are in a forestry joint venture, cultural property such as oyster reserves.

You might be like us on the Pouto Topu where we traditionally carried sheep and beef. We have over the years put in new grasses, heaps of fertiliser so as to improve pasture good enough to now have four dairy farms as part of the Pouto Topu. By expanding into dairy farming the Topu has had to buy milk shares from Fonterra which now we can actually borrow against. We have also just recently bought back the Maori Trustee’s share holding of the Pouto Topu, that is 73% for just under a million dollars. The Pouto Topu on the market today would probably be valued at 26 million, that’s about 17 million worth to us. Both those instances show entrepreneurship.

All seven respondents agreed with the literature in saying that Maori were always entrepreneurial in their business activities right from the early days when they traded with other iwi/hapu, internationally and then early European settlers.

In the discussions on Maori traditional values and their relevance for Maori entrepreneurs, all stated that they were significant for various reasons. Both Maori artists considered traditional values critical to their work, business and success where the spiritual (wairua) side is fully embodied and encompasses their work. For one Maori artist it was all about aroha:

I find doing business in this aroha way is a much better way and I look at examples like the Tamaki Brothers. Look at them, multimillionaires now but I believe they are driven, they have a spiritual base, they do what they speak . . . We’re here now, hold to the values of the traditions and move into the twentieth century, sometimes we’re not doing that. I want this business to be critically successful because we’re doing it with aroha, with integrity.

Others saw those values as being essential to looking after resources belonging to iwi/hapu:

It tends to be more in terms of aroha, manaakitanga, whanaungatanga and in relation to growing capabilities of cash flow without stepping on tapu (sacred) things. When I say that like on the Topu we’re not going to go and cultivate a piece of land that is known to be wahi tapu (cemetery, reserved ground). In our meetings traditional values are used where we always start our meetings with a karakia (prayer), before we have meals we say another prayer, and we close our meetings with a karakia.

Within the TUOH Settlement Trust yes they are relevant, to what extent I don’t really know because I would imagine the ones in Governance would be battling with that question themselves. The Board itself practises whakawhanaungatanga (building relationships), uses te reo (the Maori language) at every opportunity, has respect for the elders (rangatiratanga), and manaakitanga, kaitiakitanga are observed in respect to their beneficiaries and resources.

Conclusion
One of the consultants agreed emphatically that whanaungatanga, manaakitanga and aroha were essential to his business relationships with iwi/hapu and Maori individuals. However, they did state that basically it comes down to the following: ‘I need to be able to put food on the table, to feed my whanau and it does not always pay the bills’. They felt
The importance of traditional Maori values for necessity and opportunity

that adhering to these traditional values meant that whanau members expected work to be undertaken for aroha (for free) and this was a problem they have had to deal with many times. Whereas the other consultant perceived traditional values of some importance, but not as much as assisting Maori through the consultation processes: ‘Only Maori greetings and introductions really matter for me as a consultant. I’m there to help them through the Treaty Claim’s process, to get through the steps, to separate politics from action, that’s it. Other Maori want me to do this because I get results in bringing our claims home, I can also talk from both sides, and I know how the Crown works’.

As mentioned above, nearly all the participants in this research agreed that traditional Maori values were either highly significant to their own work or essential in terms of manaakitanga and kaitiakitanga towards iwi/hapu resources and beneficiaries. However, for one of the consultant participants traditional Maori values played a very minor role; it was strictly about business and in getting the job done. Further noted was the comment that even though the other consultants incorporated many of the traditional Maori values talked about in their business practices, the reality was that in the end they needed to be able to feed their whanau and pay their bills.

Finally, interesting comments were made from all the participants about the future of traditional Maori values for Maori entrepreneurs and iwi/hapu initiatives. Notably the following question arose: where will our traditional Maori values sit in the future in terms of our customs and ancestral beliefs? The argument was made that they would still be of huge relevance in the future, especially in sectors such as tourism and communications, and the participants were equally emphatic that these values would continue to be at the centre of iwi/hapu development.

References

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45 Fiji: Melanesian islands with Polynesian cultural values
Léo-Paul Dana

Commerce is about selling; Fijian society is all about sharing. (Hailey, 1988, p. 39)

Introduction

The Fiji Islands, of which there are 332, cover an area of 780 000 square kilometres, most of which is communally owned by more than 6000 Mataqalis (land-owning units). The islands are geographically situated at the eastern extreme of Melanesia, adjacent to Polynesia; the Indigenous Fijians are classified as Melanesians. However Crocombe (1989) found that, while Fijian people can be described as physically similar to the Melanesians, their culture has more in common with that of Polynesia. Reddy (2001) elaborated, ‘Among the Melanesians there is little social stratification and the emphasis is on egalitarianism. This is in marked contrast to Polynesia, Micronesia and Fiji where social class and the hierarchical system (of commoners and chiefs) are very important . . . one is born either a commoner or a chief and there is little that can be done to change that status’ (2001, p. 33). Commoners and chiefs both have obligations, as dictated by traditional vakaviti, sociocultural norms; for example, the custom of solevu requires each chief to distribute gifts generously to his people. Among local traditions is the making, serving (Figure 45.1) and drinking (Figure 45.2) of grog, a ceremonial drink made from the roots of the yaqona plant.

Hailey (1985) observed that, although the traditional system worked well in the past, it contributes to economic frustration. Qarase noted, ‘The extremely low rate of participation by Indigenous Fijians in business is a well-known feature of the Fiji economy and one that is of considerable concern to the government’ (1988, p. 227). Reddy explained that traditional custom ‘tends to restrict individualism, individual mobility, and consequently individual entrepreneurial and business activity’ (2001, p. 33).

One becomes aware of the racial consciousness that exists in this country, even before landing in Fiji. On the Fiji Immigration card, one is asked to specify ‘race’. Options are (1) Fijian, (2) Indian, (3) European, (4) Chinese, (5) Rotuman, (6) Other Pacific Islanders, (7) Part European, and (8) Others. Why is race important here? The answer lies with the former imperial government, the sugar industry and coconut plantations.

Historical overview

During the pre-colonial era, the Fijians had a subsistence economy, and their islands were ‘a racial mixing ground of Polynesians, who today dominate the central Pacific islands, and Melanesians, who predominate from New Guinea to New Caledonia’ (Vaughan, 1995, p. 118). Reddy added, ‘Aristocratic chiefs were able to acquire an economic surplus and traditionally expected to redistribute such wealth to their people’ (2001, p. 88).
Figure 45.1 Serving grog by means of dry coconut shell (photo by Léo-Paul Dana © 2005)
The first European to come across the Fiji Islands was Abel Tasman, in 1643. Fijian King Thakombau ceded Fiji to Queen Victoria in 1874, and Thomas wrote about Fiji under British rule: ‘When the sugar industry was established in Fiji in the 1870s, Indians were brought into the country on ten-year contracts to work the cane fields. Most of them stayed beyond their term . . . Indians dominate commercial life . . . Indians own the taxis, laundries, and tailoring and other shops . . . and in the commercial life have far outdistanced the tolerant, stone-age Fijians’ (1950, p. 122).

Fiji obtained independence in 1970. In 1984, estate tax and gift duties were abolished. In 1987, Lieutenant Colonel (later Major General) Sitiveni Rabuka led a coup, ousting the democratically elected government that was dominated by descendants of immigrants from India. Another coup took place in May 2000.

**Entrepreneurship: a function of pluralism**

Entrepreneurship, in Fiji, has traditionally been coloured by cultural setting (Belshaw, 1955; Tawney, 1947; Weber, 1930). Where groups with different cultures and values coexist, the result is a pluralistic society. Anthropologist Frederik Barth (1963, 1966, 1967a, 1967b, 1981) placed great emphasis on the existence of different spheres of values. Central to his discussion is the concept of the entrepreneur as being an essential
broker, mediating boundary transfers in this situation of contacts between cultures. By being active in the transformation of a community, entrepreneurs are social agents of change.

The nature of pluralism affects entrepreneurship. It is, therefore, important to distinguish among different types of pluralism. When different people, from different cultures, share activities in a secular mainstream arena, the expression of cultural differences tends to be limited to private life. Often employment is shared in a common sphere of life, while cuisine, customs, languages and religion are a domestic concern. This form of socioeconomic pluralism is referred to as ‘melting pot pluralism’, and this is descriptive of the situation in the United States.

In contrast, pluralism in Fiji is such that different cultures share little in the mainstream arena. There is minimal social interaction across cultures. Rather each ethnic group has its distinct values and lifestyle. Reddy asserted, ‘Ethnically and culturally Fiji’s Melanesian Fijians and Indo-Fijians are distinct and separate. There has been no “melting pot” effect between the two groups’ (2001, p. 88). This situation is not unique to Fiji, as it is also the case in Xinjiang (Dana, 1998) and in the Central Asian republics (Dana, 2002).

Comparing Indigenous Fijians with Fijian citizens of Indian origin, Vaughan observed ethnic clustering and wrote, ‘the two groups are like siblings who exaggerate their differences for the sake of identity. Fijians, the stereotype has it, are laid-back landowners, steeped in tradition; Indians are industrious and pragmatic: the shopkeepers, the lawyers, the doctors’ (1995, p. 120). He estimated that 75 per cent of Fiji’s sugarcane growers were ethnic Indians; he explained, ‘most of the land they use is leased – ten acres is all a typical Indian family can afford – from native Fijian landowners’ (Vaughan, 1995, p. 132). He also noted, ‘Most Indians now live in the cities, where they run most of the businesses’ (ibid., p. 133).

More recently, Reddy wrote, ‘Indigenous Fijian and Indo-Fijian cultures are diametrically opposed in their attitudes to business and business related concepts such as profit making, risk taking, budgets and targets, and social responsibility of business. In Indo-Fijian culture, business has a high status, and profit making by companies is highly favoured, whereas among Indigenous Fijians it is moderately low and neutral respectively. Indigenous Fijian culture discourages risk taking while Indo-Fijian culture encourages it’ (2001, p. 103). He elaborated, ‘Indo-Fijian culture encourages frugality and saving . . . The Indigenous Fijian culture’s perception of money and expenditure is quite the opposite’ (ibid., p. 104).

Hailey noted that ‘The Fiji-Indian entrepreneurs appeared to have spent much of their working life in business, while in contrast the older Fijian entrepreneurs generally established their businesses only after a period of employment’ (1988, p. 43). Meredith (1989) looked at successful small agro-enterprises and predicted that new ventures were likely to be created as employed directors of landowner companies spin off in response to newly identified opportunities. Yet ‘Indigenous Fijian participants reported that their cultural environment is not supportive of business as its cultural milieu creates considerable hindrance to business. In Indigenous Fijian culture communal interests come first . . . their culture is about sharing the resources, communalism, reciprocity, fulfilling social commitment, and achieving social gains in the community. Thus western commercial practices and business ethos are incompatible with Indigenous Fijian cultural practices’
For some people, life revolves around a subsistence economy (Figure 45.3), growing cassava and tarot, and the like and raising chickens that are killed on occasion (Figure 45.4).

To encourage entrepreneurship, the Vanua Chamber of Commerce (formerly the Viti Chamber of Commerce) in Suva provides training, counselling, trade information and export facilitation. The membership of this national body comprises Indigenous Fijian businesspeople.

Fiji is a country with great potential. As I pass by Keiyasi, I note that cotton is growing in abundance. The problem is that nobody has been harvesting it. I agree with Tabukovu, who noted a distribution problem: ‘Without an adequate outlet, most of his produce is left to rot on the farm’ (2003, p. 130).

Toward the future
It used to be that Indigenous Fijians were discouraged from leaving their village environment (see Figure 45.5); Indians thrived in the city while villagers lived in a subsistence economy. As the price of sugar soared during the 1970s, Fiji enjoyed healthy levels of growth, every year. By the 1980s, the income disparity was substantial. Following political events, there was an exodus of Indian entrepreneurs, which left a void in the national economy. Urbanisation of Indigenous people has been taking place.

When people leave the land for city life, an undesirable consequence can be a fall in agricultural production. The need then arises for imported food and also for foreign currency to pay for it. A means to avoid this situation is to encourage agricultural development and food processing. I am at a Sigatoia bus station and I see a person is wearing a T-shirt that reads ‘Toward the Five F’s, Fiji Food For Fiji’s Future.’ He is walking by the sign at the snack bar; it states, ‘Credit will only be given to people over 85 years old if accompanied by both parents.’
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Figure 45.4 Plucking the feathers (photo by Léo-Paul Dana © 2005)
Figure 45.5  Squeezing a coconut (photo by Léo-Paul Dana © 2005)
Note
1. The statutory body responsible for the administration of native leases is the Native Lands Trust Board.

References
Introduction

This chapter addresses the practical applicability of theoretical approaches to economic and entrepreneurial development, in the context of indigenous land claims. It makes a comparison between the New Zealand situation and the situations in Canada and Australia. The chapter is constructed in four phases. The first phase discusses popular economic development theory and delineates the shift from historical theory to contemporary theory, and the importance of this shift in terms of indigenous land claims. It then examines alternative approaches to entrepreneurial theory, raising the issue of circumstantial or individual importance in entrepreneurial ventures. The second phase is the initial step in the practical application of theory, and consists of summarising the socio-economic status of Maori in New Zealand, and the relevance of this to indigenous land claims. The history of New Zealand is then discussed, from the perspective of indigenous land claims. The next step involves a cross-cultural comparison of alternative approaches towards indigenous land claim history in Canada and Australia, and concludes by validating humanistic economic development as the ideal approach for indigenous economic and entrepreneurial development.

In modern society, a prominent phenomenon spans both continents and the globe in which indigenous people are living at levels below their colonised counterparts’, where they are continually disadvantaged and often confronted with discrimination. This phenomenon can be partly attributed to cultural assumptions, with misunderstanding of these assumptions occurring as early as the premature stages of cultural integration when the foreign man ‘rediscovered’ the indigenous country. Other bases for this phenomenon lie within entrenched animosity between the races due to historical events, stereotypes and social attrition. However, many nations are now recognising the disparity in socio-economic circumstances and unequal opportunities that are negatively affecting indigenous people, and are now actively pursuing a society that is conducive to indigenous development. A primary strategy for this redevelopment is based on the idea of addressing the land rights of indigenous people.

This chapter initially addresses perspectives of economic development and entrepreneurship theory. Then it considers the New Zealand situation with respect to indigenous land claims and consequential indigenous entrepreneurship, both in a historical context and in theoretical application. It then compares and contrasts the New Zealand environment with similar indigenous situations in Canada and Australia, finally drawing conclusions upon optimum theoretical perspectives for the development of indigenous people.
Economic development theory: the change in approach

In addition to the shift towards indigenous development, there has also been a recent change in the approach to economic development in terms of theoretical perspectives. There are many theories relating to economic development which can be essentially divided into historical approaches and modern approaches, when considering the contemporary issue of indigenous development. The historical perspective includes neoclassical theory, modernisation theory, dependency theory and structuralist theory, whereas the modern approach is from the regulation and humanistic theories’ perspectives.

Theories of the historical approach

Neoclassical theory Neoclassical theory states that economic development is driven by marginal analysis of economic growth with considerable emphasis on price (Kraemer, 1998) and little practice of public intervention.

Modernization theory This theory is based on the idea that ‘societies undergo a universal process of development’ (Przeworski, 2003). This development process consists of three major sequential steps: industrialisation, urbanisation and bureaucratisation. Przeworski (2003) described this three-step process as initial dictatorship enduring development, resulting in a final state of democracy. This results in changes in family, religious and educational social institutions, and affects the power relations in society with a shift away from traditional leaders, such as those in the family or religious or community figures, as they now control fewer resources in the developed world. The balance of power shifts to those in the education, employment and media sectors as they control the majority of resources. In this developed society, complexity increases as social groups emerge and reorganise and labour processes require cooperation between employees in such a manner that society can no longer be run by command, as in a dictatorship (Przeworski, 2003).

Dependency and structuralist theories The dependency and structuralist theories are highly related. The dependency theory is based on the concept that third world poverty is not self-determined but rather arises from western capitalist domination as developed nations exploit their less developed counterparts (Tures, 1998). This results in increased inequality and cross-nation polarisation as the disparity between core and periphery nations and societies also increases (Firebaugh, 1999). This concept is replicated in the structuralist theory, which uses centre–periphery analysis to explain the dichotomous nature of development benefits where the large centre for developed nations represents benefits and the relatively small periphery represents negative impacts, whereas in developing nations the large centre represents negative impacts and the comparatively small periphery represents benefits (Kraemer, 1998). The essence of the structuralist theory is based on the notion that ‘structural changes are necessary for countries to develop through their participation in the international trading system’ (ibid.). This means that governmental policy, dependence and industrial nation decisions and systems are essentially barriers to human progress.

Theories of the contemporary approach

Regulation theory Regulation theory emphasises the importance of economic and extraeconomic institutions in economic development with ‘the accumulation of capital
being influenced by state and non-state institutions and interactions between agents that constitute an economic system’ (Smith, 1995). In essence, this means that value is placed not only on economic aspects, but also on understanding social relations and interactions within industrial economies. The objective of this approach is to develop diverse strategies that are suited to respective societal structure and consequently maximise economic development for both distinctive industrial economies as well as the general economy.

**Humanistic theory** Humanistic theory is somewhat similar to regulation theory in the nature of social context importance and the importance placed on understanding and ‘utilising material and moral incentives to promote both efficiency and equity’ (Kraemer, 1998). Economic development under this theory is considered as a balance between traditional macroeconomic development and social development (Kraemer, 1998). It is a process of participation rather than intervention with development being based not only on competition but also on cooperation.

**The impact of the historical–contemporary shift**
There is general agreement between the traditional and modern theories that economic development must include capital accumulation, introduction of new technology, human resource development, development of institutions and markets and a permissive international framework. However contemporary theory goes a step further to consider the additional requirements for equitable economic development. It collectively identifies five characteristics: economic growth that is oriented towards human progress, equitable distribution of the fruits of growth, optimal participation of non-elite populations in decision making and implementation, ecological responsibility and respect for traditional cultures when conducting development activities. This considerably broadened focus exemplifies the increasing social focus of economic development.

**Economic development theory and indigenous land claims**
The modern economic development theories highlight the importance of social development in addition to the traditional treatment of economic development and as part of this the value placed on traditional cultures is somewhat reinstated. This is illustrated in the five equitable characteristics delineated above, with two of the five relating to minority races and one specifically referring to respect for traditional culture of indigenous people. Consequently there has been a substantial global shift towards economic development for indigenous peoples and a primary strategy for this is based on the idea of addressing the land rights of indigenous people.

**Entrepreneurship theory**
Economic development and entrepreneurship have been identified as closely linked concepts (Frederick, 2002). In addition to the theoretical approaches to economic development theory, as discussed above, there are several perspectives from which entrepreneurship can be considered. There is the classical approach, and five alternative approaches proposed by five prominent theorists: Knight, Kirzner, Schumpeter, Shackle and Casson. Kirzner and Schumpeter are the two key theorists and are discussed first below, followed by the other three perspectives of entrepreneurship theory.
Kirzner
Kirzner's view of entrepreneurship is based on specialisation and exchange, in which ‘an entrepreneur is any person who is “alert” to hitherto unexploited possibilities for exchange’ (Ricketts, 2002, p. 59). The entrepreneur then acts as a ‘middleman’ intermediary who facilitates exchange.

Entrepreneurship under the Kirznerian view arises from a particular kind of knowledge, a knowledge that creates opportunities that have not been taken advantage of before. This knowledge may be based on awareness, knowing that the opportunity exists, or alternatively may be related to the knowledge of the way in which to capitalise on such opportunities. The implementation of this knowledge in an entrepreneurial venture creates a return of profit to the entrepreneur, a ‘reward for alertness’ to potential exploitation opportunities (ibid.). Richardson (1960, p. 7, cited in Ricketts, 2002), states the inverse of this phenomenon, ‘a general profit opportunity, which is both known to everyone and equally capable of being exploited by everyone is, in an important sense, a profit opportunity for no one in particular’.

The pursuit of such entrepreneurial endeavours drives towards an equilibrium status, with disequilibrium acting as the very proponent of entrepreneurship, as ‘continually stimulated entrepreneurial discoveries tend markets continually toward an equilibrium’ (Foss and Klein, 2002, p. 95). Moreover, as entrepreneurship is in essence a sharing of knowledge, entrepreneurial activity is a key means by which information and knowledge are distributed through society (Ricketts, 2002).

Lastly, Kirzner leaves out the notion of the firm, thereby creating a large void in theory as the entrepreneur requires a firm, articulated by Garter (1988, p. 47, cited in Foss and Klein, 2002): ‘What differentiates entrepreneurs from non-entrepreneurs is that entrepreneurs create organisations, while non-entrepreneurs do not.’ The individual entrepreneur expands into the organisation and brings with them their knowledge. This knowledge is incorporated into the organisation and used in conjunction with existing resources to create new business ideas (Foss and Klein, 2002).

Schumpeter
Schumpeter’s view is in many aspects contradictory to that of Kirzner. The Schumpeterian approach is characterised by the following definition of an entrepreneur: ‘the entrepreneur is an extraordinary person who brings about extraordinary events . . . the entrepreneur is a revolutionary, an innovator overturning tried and tested convention and producing novelty’ (Ricketts, 2002, p. 66). This, in essence, means that an entrepreneurial individual who possesses specific relatively rare characteristics is a disequilibrating force. They drive change in the direction away from equilibrium by using new knowledge to shift the ‘production possibility frontier’ (ibid., p. 67). However there is not infinite movement away from equilibrium as innovation initially overcomes change, but then eventually becomes routine (Ricketts, 2002).

Schumpeter’s approach expands to the corporate environment, in which entrepreneurship builds the organisation. Entrepreneurship is conducted within organisations, termed ‘intrapreneurship’, and ‘generates new and useful knowledge’ while fostering internal development (Foss and Klein, 2002, p. 92).
Classical entrepreneurship theory
Classical entrepreneurship theory emphasises the final state of entrepreneurship, rather than enlightening the area of processes contributing to entrepreneurship. Therefore it is limited in its ability to be employed as a basis for examination in this study. In accordance with this theory, the market moves to establish equilibrium prices (Ricketts, 2002). This movement is characteristic of the assumption of perfect knowledge, and synonymously views this knowledge as a valuable good. However, as previously mentioned, the understanding of the movements towards this equilibrium is extremely limited under this perspective.

Knight
Knight proposes that entrepreneurship is based on the concept of unforeseen changes (Ricketts, 2002). The key element of this theory is that it is uncertainty, and favourable pre-emption of this uncertainty, that creates positive entrepreneurial outcomes. The essence of this lies in the Hayekian Equilibrium, that states that ‘foreseen changes result in an equilibrium where no profits appear’, as actions have been undertaken to account for the foreseen changes (ibid., p. 56). Therefore, in the entrepreneurial environment, the entrepreneur makes judgments about the uncertain future and, if correct, receives returns in the form of profits for bearing this uncertainty (Ricketts, 2002). The function of the entrepreneur can be categorised into two key functions: the primary function, to decide what to do and how to do it, and the secondary function of actual execution.

This theory implies that there is an element of chance contributing to entrepreneurial success, similar to the auspices of the evolitional business strategy approach, in which favourable market conditions create success.

Shackle
In Shackle’s theory the entrepreneur imagines opportunities, by basing decisions on subjective imagined consequences. This approach rejects the concept of equilibrium as the individual continually imagines and creates an entrepreneurial environment. Shackle believes that, as long as people make choices, they ‘exercise the entrepreneurial faculty of imagination’ (Ricketts, 2002, p. 71).

Casson
Casson sees the entrepreneur as someone ‘who spots opportunities that are thrown up as circumstances change’ (Ricketts, 2002, p. 71). They specialise in making decisions regarding the use of resources, with individuals making subjective and unique decisions. In this approach the entrepreneur is seen as a ‘middleman’, similar to Kirzner’s theory. However, under this perspective, change accompanies entrepreneurship, rather than being a derivative of, or derived by, entrepreneurship (Ricketts, 2002).

Entrepreneurship and indigenous land claims
The various entrepreneurship theories above indicate the range of perspectives for entrepreneurial development. Indigenous land claims have altered the environment, creating change and opportunities. Therefore the applicability of the theories delineated above, in the indigenous land claim environment, hinges on the status and direction of the entrepreneurial development that accompanies indigenous land claim settlements.
The New Zealand situation

The socioeconomic disparity between Maori and non-Maori New Zealanders

Currently, there is significant disparity between the socioeconomic status of Maori and that of European New Zealanders in the areas of income, employment, education, housing, crime and health.

*Income*  The median annual income for Maori adults for the year ended 31 March 2001 was $14,000, $4,500 lower than the total New Zealand population median income of $18,500. Largely because of this, 25 per cent of Maori households are in the lowest income quintile, whereas only 15 per cent of non-Maori are represented here and 24 per cent of non-Maori belong in the uppermost quintile, in comparison to only 12 per cent of Maori.

This illustrates obvious disparity, but even more interesting is the inequality revealed in the 2000 Ministry of Maori Development Report, which compares median sector earnings and sources of income between Maori and non-Maori. Firstly, for those that are employed, Maori receive lower median hourly earnings in legislative, managerial, professional, technical, trade, plant assembly, plant operating and clerical occupations, whereas in agricultural, fishery and elementary occupations they receive higher median hourly earnings (Ministry of Maori Development, 2000). This indicates a level of discrimination in the workforce with race being a distinguishing factor in hourly earnings.

Secondly, the percentage of Maori receiving income from the government exceeds that of non-Maori by approximately 320 per cent for the domestic purpose benefit, 220 per cent for the unemployment benefit, 145 per cent for family support and 285 per cent for the accommodation supplement (ibid.). This indicates reliance on the government for income and suggests significant reliance on social welfare, perhaps even a social welfare-dependent state. This is further reflected in the lack of self-employed Maori, indicating lower Maori entrepreneurial activity.

*Employment*  Participation rates for Maori fluctuated around the 55 per cent mark for the period 1989–2000, although increasing towards the end of the period (Ministry of Maori Development, 2000). Comparatively, non-Maori levels were relatively stable at the 65 per cent level (ibid.). This means that, although the gap is narrowing, Maori participation is still 10 per cent lower than non-Maori. Correspondingly, Maori unemployment rates are higher than non-Maori but with the recent shift these are decreasing and the gap is narrowing.

*Education*  Maori educational attainment at secondary school is substantially lower than non-Maori with consistently lower grades in School Certificate, with only 13.0 per cent compared with 34.3 per cent attaining A or B grades. In Sixth Form Certificate, only 21.5 per cent of Maori compared with 40.5 per cent of non-Maori attained grades between one and four and in Bursary with only 23.3 per cent awarded B or higher compared with 42.6 per cent of non-Maori (Ministry of Maori Development, 2000). Furthermore Maori are extremely underrepresented at tertiary level with approximately 20 per cent of Maori pursuing tertiary qualifications compared with 42 per cent of non-Maori.

*Housing*  Approximately 50 per cent of the Maori population live in their own home compared with 72 per cent of non-Maori (Ministry of Maori Development, 2000). The
majority in both ethnic groups are owned with a mortgage, but there is a smaller proportion of Maori living in freehold accommodation than non-Maori. Overcrowding for Maori dwellings is slightly higher than for non-Maori, but is not of real concern as at 0.96 on the crowding index it is not considered overcrowding, which requires a level of 1.0.

**Crime**  Maori apprehension rates for all crimes, 120 in every 1000, are three times those of non-Maori, as are prosecution rates, with 60 in every 1000 being prosecuted (Ministry of Maori Development, 2000). The conviction rate is slightly lower at 45 per 1000, but is four times the rate for non-Maori. Moreover the Maori apprehension rate for violent crimes is approximately 27 in every 1000, five times that of non-Maori.

**Health**  Maori rates of hospitalisation, infant mortality, Sudden Infant Death Syndrome, hearing failure, suicide, intentional self-injury, vehicle accident deaths, smoking, cancer deaths, diabetes deaths, heart disease deaths and pneumonia and influenza deaths all by far exceed those of non-Maori (Ministry of Maori Development, 2000).

**The relevance of the Maori socioeconomic status to indigenous land rights**

The socioeconomic circumstances described above create justifiable cause for concern, as in most facets of modern life Maori are consistently negatively overrepresented. Although there are many possible reasons for the status of Maori, it has been argued that it stems back to the misunderstanding of cultural assumptions when the Treaty of Waitangi was signed in 1840 (Bourassa and Strong, 1998). These misunderstandings have led to cultural upheaval as Maori were, and still are in a sense, forced to live in a colonised world foreign to their traditional values and expertise.

However the New Zealand government is reacting to this situation by altering governance policy. New Zealand is avidly pursuing the humanistic theory and some aspects of the regulation theory in its approach to economic development with its constitutional shift towards Maori. This shift can be characterised by a change from state-determined indigenous development to self-determined indigenous development (Loomis, 2001). This means adopting a ‘nation building’ as opposed to a ‘mainstreaming’ philosophy and involves treating Maori as a partner people with whom to encourage self-governance and self-determined development, rather than treating Maori as a client population that needs to be supported (ibid.). A key aspect of this shift is addressing indigenous rights to land in order to heal the past and build a more promising future for the Maori people.

**New Zealand indigenous land rights and Maori land claims**

In order to understand the moves New Zealand has made in terms of indigenous land rights it is essential to understand the Treaty of Waitangi, where the initial misunderstandings occurred. Once this is understood, it is possible to examine the measures and settlements that have been made in efforts to account for and remedy both historical and modern issues in New Zealand today.

**The historical perspective**

**New Zealand prior to the Treaty of Waitangi**  Approximately 900 years ago, Maoris arrived on New Zealand shores in 13 canoes that had come from Polynesia (Bourassa and
Strong, 1998). For over 700 years they inhabited both the North and South Islands, establishing fortified villages and cultivating land for crops. Land was regarded as a tribally owned collective good that could only be transferred by conquest, abandonment or succession and was treated with respect owing to its possessing both economic and spiritual qualities (Ministry of Economic Development, 2003). Consequently land was valued as it was a basis for tribal identity and security for future generations. However, late in the eighteenth century, Europeans and Americans arrived and significant land trading took place. This is where problems began to arise, as cultural assumptions were misunderstood. While the Maori viewed the land trade as allowing the settlers use of the land, the settlers saw it as purchase and consequent individual ownership of land and valued it for its economic significance alone.

The Treaty of Waitangi

The Treaty of Waitangi was signed in 1840 by the British Crown and Maori rangatira and consisted of three main features (Office of Treaty Settlements, 2002).

- Article One: sovereignty (in the English version) or kawanatanga (in the Maori version) was conveyed to the Crown.
- Article Two: Maori retained rangatiratanga or ‘chieftainship’ over their resources as long as they desired, but yielded to the Crown the right of pre-emption, which gave the Crown the sole right to purchase the land from Maori.
- Article Three: Maori were guaranteed all the rights and privileges of British citizens.

There are two key points to note in the articles of the Treaty as they are, by and large, the basis for huge misunderstandings between the two signatory parties and are essentially the basis for indigenous land right claims today. Firstly, the words ‘sovereignty’ and ‘kawanatanga’ mean different things, so Maori thought they were signing an agreement based on Crown protection and assistance rather than virtually signing away their land trading rights. Secondly, Maori thought that retaining ‘chieftainship’ provided them with rights to the resources despite the Crown right to pre-emption and land trading, when, in reality, when land was traded they lost rights to the resources as well.

Under the Treaty, pre-1840 land purchases were examined by the Crown and decisions would be made over who owned the land and any surplus lands; land beyond the allowable quota of 2560 acres would be retained by the Crown (Office of Treaty Settlements, 2002). Furthermore the Treaty gave the right of pre-emption to the Crown, which meant that the Crown had first-right-of-refusal on land and consequently there was only one buyer: the Crown (Bourassa and Strong, 1998). However, during the 1840s, the Crown allowed settlers to purchase land, but again imposed ‘surplus lands’ criteria, repossessing land over the quota (Office of Treaty Settlements 2002).

1840–1945

Following the signing of the Treaty the Crown made many land purchases under the guise of pre-emption, but there is significant doubt over the legality of these transactions in terms of whether the Crown fulfilled its obligations, for example, by not seeking appropriate approval or using inaccurate survey methods (Office of Treaty Settlements, 2002). Moreover, the land wars of the 1850s resulted in confiscation of Maori land, a straight breach of the Treaty of Waitangi.
The turn of the twentieth century met with the emergence of Maori claims and the situation appeared to be looking up for Maori as the Stout–Ngata Commission ruled that past practices had been unfair and recommended that actions be taken in reparation for Maori, but this was not implemented (Bourassa and Strong, 1998). More land trading continued to take place at such a pace that, by 1930, Maori retained only 6 per cent of the land in New Zealand (Office of Treaty Settlements, 2002). However, in 1928, the Sim Commission found that confiscations had been excessive and that reparations must be made, but, once again, these rulings shrank into the background with the emergence of World War II (Bourassa and Strong, 1998). In 1937, the government took oil revenue from Maori lands, ruling that Maori resource rights did not exist with reference to resources that they did not know existed.

Modern New Zealand and the development of the land claims process  The post-World War II world saw the emergence of Maori dissatisfaction and grievances at their treatment over land rights. In 1946, four acts were passed to satisfy, from the government’s perspective, final settlements to the four tribes: Tainui, Ngai Tahu, Taranaki and Whakatohea (Bourassa and Strong, 1998).

However these settlements were not final and, in 1975, the government established the Waitangi Tribunal under the Treaty of Waitangi Act (Office of Treaty Settlements, 2002). This tribunal had three functions: firstly, to hear claims against the Crown regarding breaches of Treaty of Waitangi principles that occurred after 1975; secondly, to determine the validity of such claims; and finally, to make non-binding recommendations to the Crown on redress (Office of Treaty Settlements, 2002). This act was then amended in 1985 to include breaches since 1840.

Major New Zealand indigenous land claims

There are three main finalised settlements: the Fisheries ‘Sealord Deal’, the Waikato-Tainui Settlement and the Ngai Tahu Settlement (Bourassa and Strong, 1998). In addition to finalised settlements there are many current land claims, a high-profile example of which is the ‘Seabed and Foreshore Debate’.

The Fisheries ‘Sealord Deal’ settlement  This settlement consists of two elements, customary rights and commercial rights. Customary rights refer to the rights Maori had prior to 1840 and those rights that were promised to Maori under Article Two of the Treaty of Waitangi. The key issue with customary rights is to what extent they cover commerce in fisheries. The Fisheries Regulations Act of 1986 and its 1998 amendment state that Maori may take fish, aquatic life, or seaweed for hui, tangi (funerals) or other traditional non-commercial fishing use but not for sale and that an authorised marae representative, Maori committee, runanga, or trust board may grant a permit for customary fishing (Bourassa and Strong, 1998). Moreover, Maori have free access to traditional iwi fishing grounds.

Prior to the 1989 Maori Fisheries Act, most Maori had no allocation of the fishing quota, but after a national hui and negotiations with government they were granted 10 per cent of the commercial fisheries quota, with the rights in the hands of the Maori Fisheries Commission (Bourassa and Strong, 1998). However the major commercial fisheries deal came in 1992, when Sealord Products Ltd, who owned 26 per cent of the quota,
was offered for sale (Bourassa and Strong, 1998). Negotiations between the Crown and Maori resulted in a settlement valued at $170 million (ibid.). The terms of this ‘Sealord Deal’ include $150 million from the government to enable Maori to participate in a joint venture to purchase Sealord, resulting in an extra 13 per cent of the quota, an additional 20 per cent of the fishing quota for new species and appointment of Maori to fisheries management boards, increasing the accountability of the Treaty of Waitangi Fisheries Commission. The government in turn received an agreement that Maori would discontinue legal actions concerning fisheries, that the Tribunal would have no further jurisdiction over commercial fishing issues and that customary fishing rights be replaced by regulations designating reserves for customary food gathering (Bourassa and Strong, 1998). There is one unresolved issue as the Fisheries Commission still needs to determine who would benefit from Maori fisheries rights and how these benefits would be distributed.

**Waikato-Tainui** This settlement stems, firstly, from the confiscation of 140,000 acres of land in the land wars and, secondly, from the abuse of land and tribal values because of public works, sewerage and pollution (Bourassa and Strong, 1998). The 1995 Deed of Settlement provided for an apology from the Crown and recognition of the modern confiscated land value to be at least $12 billion, return of an Air Force base site, transfer of 35,787 acres from the Crown to the Trust, transfer of accumulated rent from forests, reimbursement of $750,000 research and negotiation costs, a $170 million land acquisition fund, a 17 per cent share of any total settlement amount for historic claims exceeding $1 billion, renunciation of claims to lands, mineral and forests and recognition that the settlement does not include the Waikato River, West Coast Harbour or the Maioro and Wairoa blocks of land (Bourassa and Strong, 1998).

**Ngai Tahu** The Crown purchased 34.5 million acres from Ngai Tahu between 1844 and 1864, leaving Ngai Tahu only one-tenth of 1 per cent of their former lands: virtually landless (Bourassa and Strong, 1998). The Crown had breached its Treaty obligations by failing to ensure that Ngai Tahu had the necessary resources to adjust to the new economy and new society. In 1997, the Deed of Settlement was accepted by 93 per cent of responding tribe members. The provisions for this settlement included an apology and recognition of the limited financial cover the settlement provided, $170 million compensation in land and cash, 17 per cent of any total settlement amount for historic claims exceeding $1 billion, provision to select up to $250 million worth of property from an agreed list, provision for new property in the above clause to be leased back to the Crown, several islands to be the property of Ngai Tahu and managed as nature reserves, and 72 temporary campsites near lakes and streams to provide access to mahinga kai (Bourassa and Strong, 1998).

**The seabed and foreshore debate** This debate deals with the claim by Maori, originating in the Marlborough Sounds, that they own the seabed, foreshore and navigable rivers and streams. The government’s response is to solidify law so that the foreshore and seabed are not subject to private ownerships, while Maori customary rights will be protected. This approach has four key aspects; guaranteed public access, protection of Maori rights, certainty of rights and entitlements and the Crown as the regulator (One News, 2003).
The impact of indigenous land claim settlements on economic development

Indigenous land claims, such as the ones delineated above, are influential in advancing the socioeconomic status of indigenous people as they not only restore resources but also create development opportunities. This is evident in the development that had occurred as a direct result of the Tainui and Ngai Tahu settlements.

The Tainui Maori Trust Board has established several subsidiary bodies responsible for different functions, all actively contributing to the social and economic development of Maori, development that would not have been possible without the initial land claim settlement. The Waikato Raupatu Lands Trust is responsible for activities associated with land settlement (Bourassa and Strong, 1998). The Tainui Corporation Ltd manages the asset portfolio with the objective of maximising profits and reinvestment for income growth and distribution to Tainui Development Ltd who reinvests it in land for both commercial development and residential development. The Maori Development Corporation acts as a venture capital firm, while Raukura Waikato Fisheries Ltd has invested in commercial fisheries (Bourassa and Strong, 1998).

Similarly, Ngai Tahu has also used its settlement provisions to establish separate business identities for the development of Maori in its area. The Ngai Tahu Holding Corporation manages assets ‘by operating as a profitable and efficient business’ whereas the Ngai Tahu Development Corporation develops advancement programmes for tribal wellbeing. Lastly, Ngai Tahu Fisheries invests in commercial fishery (Bourassa and Strong, 1998).

To summarise, land claim settlements provide the basis for social and economic development for indigenous people, as they provide resources that are largely unattainable without assistance. When in possession of these resources, such as land and finance, indigenous people are able to use them to modernise current society and simultaneously invest in the future.

Indigenous land claim settlements and entrepreneurship

Maori entrepreneurship

In the nineteenth century Maori were successful entrepreneurs, involved in the control, and trade, of many earth-based commodities. In fact, they were so successful that they controlled major aspects of the commercial economy (Frederick, 2002). However, following the confiscation of land, and resource loss associated with colonisation by Europeans, Maori entrepreneurship declined. Nevertheless, in recent years, Maori have re-established their entrepreneurial tendencies, as found in the Global Entrepreneurship Monitor Study (GEM), now to be as entrepreneurial as their non-Maori counterparts, with 11.9 per cent of the population being entrepreneurs, compared with the 14 per cent for the whole New Zealand population (ibid.). Moreover, on an international scale, Maori, as a single population, have the seventh highest entrepreneurship rate, exceeding that of the United States, Ireland, Canada and Australia, as illustrated in Table 46.1 (GEM study report; Frederick, 2002).

Maori entrepreneurs are younger, less educated, make less use of technology and are less export-focused than their non-Maori entrepreneurial counterparts (Frederick, 2002). Maori entrepreneurs are more highly educated and have lower unemployment rates than non-entrepreneurial Maori. Moreover Maori entrepreneurs have less staying power and are more likely to be engaged in necessity entrepreneurship as opposed to opportunity.
entrepreneurship. However, Maori entrepreneurs are likely to perceive start-up opportunities and are more likely to know somebody who has started a business in the last two years, but they have a higher fear of failure and lack the knowledge, skills and experience to start a business, as shown in Table 46.2 (extracted from the GEM study report; Frederick, 2002).

However, as Table 46.3 illustrates, Maori entrepreneurs are more innovative as they are more likely to perceive their product or service as new and unfamiliar and also perceive less competition in the marketplace (GEM study; Frederick, 2002).

The relationship between land claims and Maori entrepreneurship
Maori entrepreneurship has increased in recent years, an increase that coincides with the government’s ‘nation building’ approach and groundbreaking land claim settlements. The allocation of resources, financial, physical and intangible, that have become available through governmental actions and land claim settlements has allowed those with entrepreneurial insight to capitalise on their innovativeness. Consequently Maori have joined newly accessible physical resources, such as tribal land, the coastline, fisheries, tourism facilities and mineral deposits, with human resources of management expertise, business expertise, entrepreneurial expertise and awareness of the value added concept in order to
develop entrepreneurial activities (Frederick, 2002). This is further enhanced by Maori intrapreneurs who have strong tribal links and consequent access to these valuable resources. Moreover the revival of Maori culture and society has fostered Maori entrepreneurship under the guise of traditional practice.

However there are still limitations in the area of Maori entrepreneurship as Maori face the continual problem of a lack of management and governance experience (Frederick, 2002). In addition to resources and experience there are also cultural issues that bound entrepreneurship in the Maori society. Firstly, land confiscation and colonisation created distrust as Maori were forced out of resources and employment into poverty. This meant that Maori became impoverished, both in terms of resources and in terms of their knowledge and capability to operate in non-traditional markets. Consequently Maori lack the self-confidence, ambition and motivation to enter into entrepreneurial ventures. Furthermore Maori are challenged by having to operate in a western-based market. The way of business in this environment challenges traditional Maori values, as it is individualistic as opposed to whanaungatanga (tribal kinship), employment is based on expertise rather than genealogy and it is challenging to penetrate the ‘old boys’ network’. Moreover there is friction within and between tribes, thereby preventing unification and a unilateral development front.

The application of entrepreneurship theory to Maori entrepreneurship

Maori entrepreneurship, as described above, can be applied to multiple theoretical perspectives. It most closely follows the Schumpeterian perspective, as ‘extraordinary’ Maori individuals have always existed, but only recently, with indigenous land claim settlements boosting resources, have these individuals been able to capitalise on their innovative ability. This means that entrepreneurship is a function of both the individual possessing favourable entrepreneurial characteristics and the environment being conducive to entrepreneurial behaviour. Adoption of this theoretical perspective lends itself to the premise that currently Maori innovation is overcoming the change in Maori socioeconomic circumstances, and driving disequilibrium. As time progresses, innovation will become routine and the drive to continued disequilibrium will halt.

However the Kirznerian perspective also applies, as Maori have knowledge regarding practices that non-Maori do not possess, therefore they are able to exploit opportunities...
in ways that non-Maori are unable to replicate. Consequently Maori act as ‘middlemen’ by exchanging their knowledge and resources, tending towards market equilibrium.

The Canadian and Australian comparison
Australia and Canada are countries that, like New Zealand, have issues relating to indigenous populations. However the historical grounding of these issues and the subsequent government responses are unique. The historical background, including government responses and indigenous entrepreneurship, is discussed briefly below for both Australia and Canada. Following this, economic development and entrepreneurial theory are applied, in a manner similar to the New Zealand symposium.

Australia
Historical background and government response
Aborigines settled in Australia 40 000 to 80 000 years ago, as they arrived from Papua New Guinea and Indonesia (Australian Bureau of Statistics (ABS), 2003). They adapted well to the demanding and challenging environment, growing in numbers. However, this all changed as European settlers began to arrive in 1788 (ABS, 2003). The English settlers brought with them diseases, against which Aborigines had no natural defence, and consequently many Aborigines died. Moreover, Aborigines were shot, poisoned and massacred as settlers took over Aboriginal lands. Therefore Aborigines shifted to settlements and, in many accounts, resorted to lives characterised by poverty, malnutrition, alcoholism, violence and despair.

Aborigines have long been considered an inferior race, driven from western infrastructure to remote areas of poverty, with the thought of many Australians that they would eventually ‘die out’ (ABS, 2003). It was not until 1967 that Aborigines were included as Australian citizens and given voting rights, as the governmental approach began to change.

Following the 1967 inclusion of Aboriginal people as Australian citizens, the government passed legislation in 1975 opposing racial discrimination. The 1980s were a period of ‘aboriginal activism’, where integration was employed as means for advancing indigenous people (ABS, 2003). However Aborigines were not prepared for integration, and the western culture with its vices, such as alcohol and drugs, were too appealing and not conducive to indigenous development. Consequently the combination of these two approaches resulted in Aboriginal poverty and welfare reliance. Moreover continued ‘cultural subsidisation’ has increased welfare dependency, and attempts at ‘affirmative action’ have created mistrust, suspicion and resentment towards Aboriginal developments. In 1990, the Aboriginal and Torres Strait Islander Commission was established, which had limited budgets for regional and national development projects. However, there are only limited advances in the area of land settlements and accountability for past injustices.

The socioeconomic status of Aborigines is well below that of non-Aboriginal Australians. Aborigines have a younger age structure, with higher fertility and more deaths at a younger age, with a median age of 20.5, compared with a non-Aboriginal median age of 36 (ABS, 2003). Aborigines are also less educated with 32 per cent not completing year 10 and only 18 per cent completing year 12, compared with 18 per cent and 41 per cent, respectively, for non-Aborigines. Moreover Aborigines are half as likely to have non-school qualifications, while unemployment levels are highest amongst
Aborigines, with 22 per cent unemployed compared with 8 per cent of non-Aborigines. Those Aboriginals that are employed are most likely to work in labour-related occupations (23.5 per cent), whereas non-Aborigines are most likely to work as professionals (18.4 per cent). Lastly, the average income for Aborigines is only 67 per cent of the average non-Aborigine income, $364 weekly as opposed to $585 weekly.

Aboriginal entrepreneurship
The Australian GEM study (Hindle and Rushworth, 2002) found that entrepreneurship amongst Aborigines is very low, with only 0.7 per cent of Aborigines being involved in entrepreneurship. Moreover both Aboriginal males and females are significantly less entrepreneurial than non-Aborigines, with female Aborigines being the least entrepreneurial population of all.

Canada
Historical background and government response
First migrants to North America are believed to have come from Asia, between 20 000 and 60 000 years ago (Encyclopaedia Britannica, 2003). They adapted to the environment well by fishing, whaling, sealing and using plants for survival (National Archives of Canada, 2003). Europeans, in the form of explorers and fishermen, began to arrive in the late fifteenth century and developed a good relationship with the indigenous people by trading metal and cloth in return for fur. The Indians were astute traders and profited from the high demand for fur and from competition between the English and French for trade relations with the Indians (National Archives of Canada, 2003).

The trade relationship developed as European settlers began to arrive, with European settlers adopting Indian technologies (National Archives of Canada 2003). However the balance of power began to change as Indians became reliant on European commodities, and white settlers acquired land with the exchange of European gifts.

In the nineteenth century, treaties and the sale of land contributed to the Indians shifting to reserve lands (National Archives of Canada, 2003). The objective of this policy was to assimilate Indian life into western philosophies. However Indians resisted this assimilation as they wanted to retain their tribal identity. This conflict continued to escalate as assimilation efforts increased and Indian resistance remained steadfast. This had the ultimate effect of creating divergence, rather than convergence, between indigenous and non-indigenous peoples. Moreover the government failed to provide health care for Indians, and when Indians tried to succeed in farming and such ventures, government restrictions severely impaired their initiatives. During World War I, Indian land was taken to produce crops and supplies and, following the war, it was purchased by veterans. Additionally Indians were severely affected by the Great Depression. Native organisations began to develop, criticising the government’s treatment of Indian people.

Following World War II, there was the realisation that assimilation had not succeeded. Therefore the government established the National Indian Brotherhood and made distinct and deliberate efforts to resolve land claims and encourage Indian self-government (National Archives of Canada, 2003).

Similar to the indigenous people of New Zealand and Australia, the indigenous people of Canada have lower socioeconomic status than their non-indigenous counterparts. The Indian population is a younger population that is tending toward an aging population,
but not at the speed of the Canadian population, with a median age of 24.7 years as opposed to 37.7 years (Statistics Canada, 2003). Moreover the birth rate for indigenous people is 150 per cent of that of non-indigenous people. Furthermore unemployment rates are high, ranging from 26 per cent for those not on reserves to 29 per cent for those on reserves. Lastly, indigenous incomes are low, with 44 per cent of Aboriginal incomes being below the Statistics Canada low-income cut-off rates.

**Aboriginal entrepreneurship**

Aboriginal entrepreneurship in Canada has grown at a tremendous rate, with 12,710 new businesses creating 48,502 new jobs (Hindle and Rushworth, 2002). Moreover, 63 per cent of these new jobs are filled by indigenous people. Furthermore, 19 per cent of Aboriginal entrepreneurial ventures are export businesses, whereas only 4 per cent of non-Aboriginal businesses are export businesses.

**Economic development and entrepreneurship theory**

Canada, like New Zealand, has adopted a ‘nation building’ approach, by following humanistic economic development theory, as the government has shifted from assimilation to fostering self-directed indigenous development. Conversely Australia operates under structuralist and dependency economic development theories, as the Aborigines are merely supported by ‘mainstreaming’ while the western and more developed population advances. This relates strongly to the centre–periphery analysis characteristic of the structuralist theory.

Furthermore a variety of entrepreneurship theories can be applied, as in the New Zealand scenario. In Canada, entrepreneurship has accelerated as resources have become more readily available and individuals with entrepreneurial tendencies now have the resources necessary to accomplish their ventures, whereas, in Australia, entrepreneurial tendencies may exist but there is very limited access to the resources necessary to capitalise on this knowledge, insight and creativity.

**The application of economic development and entrepreneurship theory to indigenous land claims**

The New Zealand experience is proof that economic development among indigenous people is not only possible but worthwhile, with Maori settlement recipients actively pursuing self-directed development. Adopting a humanistic economic development approach is the first step, as it not only focuses on economic development but also emphasises the importance of social development. The next step is for government to assume a ‘nation building’ policy and work with indigenous people in order to create self-directed development. The key to success is understanding cultural assumptions, accounting for the past and then approaching the future with a unanimous committed front. Moreover this is supported by the situation in Canada, where similar government response has also created positive results for indigenous development. Australia has failed to adopt a modern approach, choosing rather to operate a ‘mainstreaming’ policy. This has in essence created a welfare-dependent culture, thereby preventing indigenous development.

In addition to economic development, there is the aspect of entrepreneurship. This study has found that no particular theory supersedes all others. There are valid aspects of both Kirzner’s and Schumpeter’s theories that can be applied to indigenous land claims.
and entrepreneurship. Therefore the key to entrepreneurship, in this context, does not appear to follow a specific theoretical basis, but values the combined importance of human entrepreneurial characteristics and resource availability.

In conclusion, indigenous development is dependent on governments adopting a humanistic approach to economic development, and working with the indigenous people, in order to facilitate and encourage self-directed advancement. As a result of this, indigenous people are able to fulfil entrepreneurial ambitions as resources become available, without strictly adhering to specific entrepreneurial theory. Consequently it is economic development theory that is crucial for indigenous development, as entrepreneurship and economic development are entwined, and fostering one in turn fosters the other.

References

PART VII

TOWARD FUTURE RESEARCH
1. All human rights of Indigenous Peoples must be respected. No form of discrimination against Indigenous Peoples shall be allowed.
2. All Indigenous Peoples have the right to self-determination. By virtue of this right they can freely determine their political, economic, social, religious and cultural development, in agreement with the principles stated in this declaration.
3. Every nation-state within which Indigenous Peoples live shall recognize the population, territory and institutions belonging to said peoples.
4. The culture of Indigenous Peoples is part of mankind’s cultural patrimony.
5. The customs and usages of the Indigenous Peoples must be respected by the nation-states and recognized as a legitimate source of rights.
6. Indigenous Peoples have the right to determine which person(s) or group(s) is (are) included in their populations.
7. All Indigenous Peoples have the right to determine the form, structure and jurisdiction of their own institutions.
8. The institutions of Indigenous Peoples, like those of a nation-state, must conform to internationally recognized human rights, both individual and collective.
9. Indigenous Peoples, and their individual members, have the right to participate in the political life of the nation-state in which they are located.
10. Indigenous Peoples have inalienable rights over their traditional lands and resources. All lands and resources which have been usurped, or taken away without the free and knowledgeable consent of Indigenous Peoples, shall be restored to them.
11. The rights of the Indigenous Peoples to their lands include: the soil, the subsoil, coastal economic zones all within the limits specified by international legislation.
12. All Indigenous Peoples have the right to freely use their natural wealth and resources in order to satisfy their needs, and in agreement with principles 10 and 11 above.
13. No action or process shall be implemented which directly and/or indirectly would result in the destruction of land, air, water, glaciers, animal life, environment or natural resources, without the free and well informed consent of the affected Indigenous Peoples.
14. Indigenous Peoples will re-assume original rights over their material culture, including archeological zones, artifacts, designs and other artistic expressions.
15. All Indigenous Peoples have the right to be educated in their own language and to establish their own education institutions. Indigenous Peoples’ languages shall be respected by nation-states in all dealings between them on the basis of equality and nondiscrimination.
16. All treaties reached through agreement between Indigenous Peoples and representatives of the nation-states will have total validity before national and international law.
17. Indigenous Peoples have the right, by virtue of their traditions, to freely travel across international boundaries, to conduct traditional activities and maintain family links.
18. Indigenous Peoples and their designated authorities have the right to be consulted and to authorize the implementation of technological and scientific research conducted within their territories and the right to be informed about the results of such activities.

19. The aforementioned principles constitute the minimal rights to which Indigenous Peoples are entitled and must be complemented by all nation-states.

Note

Introduction
Why do individuals from some nations have a greater propensity to engage in different forms of entrepreneurship than do others who have unlike values? It appears that any given situation may present itself as an opportunity, or not, based on culturally influenced interpretation. Helander argued that ‘the time is ripe for a new paradigm when looking at the issues of Indigenous people’ (1999, pp. 26–7). Indeed it is.

The leading scholars who contributed to this Edward Elgar reference book discuss the contemporary economic activities of Indigenous peoples from a variety of perspectives, including anthropology, business, development, education, entrepreneurship, ethnic studies, geography, management, sociology and subsistence. We could have assigned categories of analysis prior to data collection; instead, we wished to avoid imposing classifications in advance. Taking an emic approach, we opted to seek units of conceptualisation by analysing the experiences of the people studied. Let us take a moment for some inductive analysis, to identify patterns of themes that emerge from the data described in the preceding chapters.

Observations and patterns
There is rich heterogeneity among Indigenous peoples; their respective values are far from identical. Even within one Indigenous people there can be significant differences, as explained, for example, by Ruotsala’s chapter in this volume. Some people are Dionysian, with emphasis on being. Others are Promethean, with emphasis on doing. Benedict wrote, ‘Like most of the American Indians, except those of the Southwest pueblos, the tribes of the Northwest Coast were Dionysian’ (1935, p. 175). More recently, Renshaw wrote, ‘in order to understand the economy of the Chaco societies one must look beyond the external constraints that determine the Indian’s economic situation and consider the system of values that underlies the economy. This system of values, with its emphasis on equality and personal autonomy, is, I believe, a defining feature of the Indian’s sense of ethnic identity. An understanding of the Chaco societies’ economic values, especially their conceptions of property . . . also helps shed light on their . . . preference for wage labor over other forms of production’ (2002, p. 180).

In this volume, Nkongolo-Bakenda described the differing approaches to entrepreneurship among the Nande, Luba-Kasai and the Kumu in northern Congo. Other authors bring out differences in a similar manner. We would like to emphasise, therefore, that there is not only one Indigenous way of conducting entrepreneurship. What we find that does tie Indigenous approaches together is a special attachment to ‘place’ as the original inhabitant, that in most cases has been disrupted by relatively recent experience with colonisation (military and/or economic) usually by the nations of the ‘core’. And there is usually
a related desire to reassert control over traditional territories and rebuild their communities with entrepreneurship and enterprise, shaped by history, culture and values, often playing a prominent role in this process.

Cultural values of Indigenous peoples are often incompatible with the basic assumptions of mainstream theories, which may be based on a different set of cultural values. In Chapter 3 of this volume, Wuttunee explained, ‘What sets them apart are the personal values that they choose to bring to the workplace.’ As noted in this volume’s Chapter 29 about Iqaluit, ‘Entrepreneurship among the Inuit is different in form and substance from the commonly accepted model.’ This implies that, when a person from an Indigenous group starts a business, it may be difficult for people from unlike cultures to understand fully the causal variables and rationale behind the enterprise. Renshaw, for instance, wrote, ‘the system of tenure in the Indian colonies reflects the Indians’ resistance to the idea of individual landholding, a resistance that is so strong that desire to hold individual title is taken as evidence that a person wants to adopt Paraguayan rather than Indian identity’ (2002, p. 164). Yet, as Hindle and Lansdowne indicated in Chapter 2 of this volume, ‘entrepreneurship research has shown scant interest in values’. The chapter about the Maasai, by Ndemon, reported, ‘Results show that, if it was their choice, they would rather retain their traditional economic system instead of integrating themselves with the rest of Kenya in a market economy.’ Chapter 9, about Basuto culture, showed how cultural values influence the definition of commodities and influence entrepreneurship accordingly. We propose that the causal variable behind entrepreneurship is not simply an opportunity, but rather one’s cultural perception of opportunity.

In this book, Ronning wrote that the historical, natural and cultural landscape in which Sámi people live and undertake their reindeer herding business makes a strong contextual framework that itself has a conservative effect on change in the industry. While mainstream economics suggest that rationally one might choose to maximise profit, we learn from Indigenous peoples that entrepreneurship has non-economic causal variables. The chapter about Basuto culture in Lesotho showed how cattle have an intrinsic value in this kingdom. Likewise Degen’s chapter noted that Bedouins persist in raising sheep, even at an economic loss, for ‘maintenance of Bedouin traditional lifestyle’. The chapter about the Namgis First Nation explained, ‘Some sales had an economic motivation, others a symbolic one.’ Likewise the chapter about Bolivia noted that economic gain was not the only motive for business. This supports the earlier findings of Lindsay, who stated, ‘Indigenous entrepreneurship is more holistic than non-Indigenous entrepreneurship; it focuses on both economic and non-economic objectives’ (2005, p. 1).

Indigenous people are often close to nature and in some cases depend on immediately available resources, such as animals or fish. In this volume, the chapter about the Ainu stated, ‘Ainu are self-employed fishermen, hunters and collectors by heritage.’ As illustrated in the chapter about the Dhivehis, these people also rely on immediately available resources. Sejersen found the same among the Inuit of Greenland. The chapter by Simeone described the economy of the Athabaskan-speaking Han, based on hunting, fishing and gathering. The chapter about the Namgis First Nation discussed the traditional reliance of the Kwakwaka’wakw economy on immediately available resources. Likewise the chapter about Iqaluit illustrated the Inuit practice of relying on immediately available resources. The chapter by Wall and Masayesva (‘People of the Corn’) described how the Hopi relied strictly on precipitation and runoff water, along with hard work and
prayer. This is consistent with earlier findings. About the Sámi people, Müller-Wille wrote, ‘Original, Indigenous land use was based on locally available renewable resources’ (1987, p. 352). Renshaw described ‘the lack of any perceived need for long-term planning, since the Indians of the Chaco assume that their needs can be met on a day-to-day basis’ (2002, p. 157). In contrast to mainstream societies, where firms have regular working hours, work in Indigenous communities is often irregular, depending on animals, the weather or the tide.

Indigenous enterprise is often environmentally sustainable. As noted by Harris, ‘Wastefulness is more a characteristic of a modern agribusiness than of traditional peasant economies. Under . . . automated feed-lot beef production in the United States, for example, cattle manure not only goes unused, but it is allowed to contaminate ground water over wide areas and contributes to the pollution of nearby lakes and streams’ (1974, pp. 31–2). Along the same theme, Morgan wrote, ‘It is truly amazing that after fifty thousand years they have destroyed no forests, polluted no water, endangered no species, caused no contamination, and all the while they have received food and shelter. They have laughed a lot and cried very little’ (1999, p. 111). While this may be an overstatement – there are certainly cases where Indigenous populations have had a considerable impact on the environment – there are several chapters in our volume which illustrate sustainable activities often associated with traditional practices. For example, Dana and Remes in Chapter 22 noted that Sámi reindeer herders utilised ‘all parts of the slaughtered reindeer’ in an environmentally sustainable manner.

Social organisation among Indigenous peoples is often based on complex kinship ties, and is not created in response to market needs. Degen described the division of labour among self-employed Bedouins. Among the Sámi, business activity and personal autonomy are so intimately interwoven that it is difficult for the individual person to differentiate between business and household and thus, by extension, between kin relations. William Simeone explained that, among the Athabaskan-speaking Han, ‘the distribution of resources was structured along kinship lines’. Again this is all consistent with earlier findings. Renshaw, for instance, explained, ‘on the few occasions when individuals have tried to engage in commerce . . . stores have disappeared within a few weeks, since their owners have felt obliged to give credit to their kin and neighbors until the entire stock was used up’ (2002, p. 179). Lindsay explained, ‘the Indigenous “team” involved in new venture creation and development may involve not only the entrepreneur and the business’s entrepreneurial team but also the entrepreneur’s family, extended family, and/or the community. Thus, in Indigenous businesses, there are more stakeholders involved than with non-Indigenous businesses. For this reason, Indigenous businesses can be regarded as more complex than non-Indigenous businesses and this complexity needs to be reflected in defining entrepreneurship from an Indigenous perspective’ (2005, p. 2).

Much of the entrepreneurial activity conducted by Indigenous people does not take place in the markets of the modern economy. Instead, in some cases, activities occur in the absence of exchange markets of any kind. They are internal subsistence activities. In other cases there are markets but they are based on a traditional model, the bazaar, or they occur in the informal sector, outside the mainstream markets of the economy.

In certain cases there are no market transactions at all, but that is not to say there is no exchange. Wealth is created by individuals and within the community, but not through the creation and sale of goods and services for profit. That which is created is consumed or
saved for personal use or exchanged through non-market cultural mechanisms such as the potlatch among the Indigenous people of the northwest coast of Canada. Subsistence self-employment may take the form of farming, hunting (see Kassam, 2005), or fishing, as described in the chapter about the Namgis First Nation. Also in this book, Rønning explained that, among the Sámi in Northern Europe, ‘self-employment is the way of self-subsistence because it is the way to make a living’. Likewise, in this volume, Simeone discussed subsistence among the Athabaskan-speaking Han. The Inuit discussed in the Iqaluit chapter were also involved in internal and informal activities. The chapter about the Kuna also discussed subsistence economic activities.

In instances where there are market transactions they often take place in the bazaar and/or the informal sector. In contrast to mainstream society’s firm-type organisations that are structured as aggregations of activities and tasks (with people being replaceable), each enterprise in the bazaar is organised according to roles and relationships that are central to recruitment, retention, promotion and purchasing. Prices in the bazaar are often negotiated, and the level of service quality reflects the relationship between the buyer and the seller. In this scenario, consumers do not necessarily seek the lowest price or the best quality. An individual may give business to another with whom a relationship has been established, to ensure that this person will reciprocate. Reciprocal preferential treatment reduces transaction costs. As noted by Tayler, ‘getting a job in Morocco, for Berbers and Arabs alike, frequently depends not on talent but on connections’ (Tayler, 2005, p. 90). The bazaar is also the hub of mercantile activity in Ghana, Togo and elsewhere (Dana, 1992). In the chapter about Ibadan, Osinubi stresses the importance of relationships at the market.

The informal sector is important among Indigenous peoples whose small firms rarely take on the qualities of large-scale entrepreneurship, because this would require an extensive infrastructure, for communications, information, transportation and capital (see the chapter about Bolivia, for instance). Without these, businesses are generally local. This was well explained by Naudé and Havenga in this volume. Informal economic activity can take the form of an impromptu stall or itinerant vending. Unrecorded cash sales circumvent taxation as well as regulation. The law is often bent, but authorities generally tolerate the sector. A relevant discussion from Dana (1992) was presented concisely by Chamard and Christie (1996). Johnson, Kaufmann and Zoido-Lobaton (1998) discussed discretion in the sector. Kloosterman, van der Leun and Rath (1998), noted that ‘those who have poor access to the opportunities offered by the regular economy, are likely to be over-represented in the underground economy’ (1998, p. 251). In this book, the chapter about Mongolia noted ‘the perceived privileged treatment of the untaxed shadow sector’.

In contrast to firms in many mainstream societies, enterprise in the bazaar and in the informal sector often functions very well with limited inventory. This is evident from the chapter about Bolivia, for instance.

Some communities have a propensity for cooperation in entrepreneurship. Chapter 2, by Hindle and Lansdowne, mentioned the ‘individuality versus collectivity paradox’. Wuttunee discussed community capitalism in Chapter 3. The Sámi entrepreneurs discussed in this book are another example of a people who cooperate; although reindeer are owned individually, they are cared for communally. About Indigenous people in Russia, Ziker’s chapter stated, ‘Family/clan and communal/clan holdings had both an Indigenous identity and a kinship element in their organisation.’ Currie’s chapter offers
interesting insights into innovation to achieve non-monetary goals as well as monetary
goals in Papua New Guinea.

In some communities, notably among the Maori in New Zealand and Aboriginal
people in Canada, ownership of land and more generally the package of Indigenous
rights (hunting, fishing, and so on) are held by the community and not the individual. An
activity that draws on the capacity provided by these resources must be communal in
nature, even if only to the extent that permission for an individual to use the land and/or
exercise the right must be granted by the community.

Cooperatives can play an important role in economic development among Indigenous
people in South Africa. This does not mean, however, that all cooperation is altruistic.
Among the Sámi, co-operation has been and continues to be essential. Reindeer herding
requires a will to cooperate. In contrast, the chapter about the Mohawks suggests that
these people prefer cooperative entrepreneurship built on alliances. In her chapter, Peredo
discussed cooperatives and community-based enterprise in the context of Peru.

Opportunity recognition is culturally influenced, as are definitions and measurement
of success. Mainstream society may give paramount importance to economic perfor-
mance, growth in sales, growth in productivity, growth in profit, share value and growth
in market share. So do many Indigenous people and groups, with many stating that their
entrepreneurial ventures must be financially able to compete before they can deliver the
other benefits often sought. In this respect, financial viability is not an end in itself, but
rather a precondition necessary for the achievement of the success sought: for example,
respect for and preservation of traditional values and practices; reduction of poverty,
improvement in living conditions, employment creation, and so on. Generally, value to
society is not synonymous with value to a firm and monetary value is not necessarily
social value. Similarly it is useful to distinguish between shareholder value and stake-
holder value. In addition, the social value of self-employment varies greatly. In this
volume, the chapter about Basuto culture and entrepreneurship explained how cattle are
a measure of success among the Indigenous people of Africa. Müller-Wille explained,
about Indigenous peoples in Europe, their success cannot easily be measured in solely
monetary terms.

Thus it can be said that opportunity recognition is therefore culturally determined,
because different cultures have different goals and culturally specific needs. If Person A
wants to eat a fish and Person B comes from a vegetarian culture, Person B may not per-
ceive an opportunity to go fishing as an opportunity having utility. Yet, for Person A,
fishing is a means of attaining the goal of subsistence. The Cree people of the Lac La
Ronge Cree Nation in northern Saskatchewan are developing a successful wild, organic
mushroom harvesting and marketing operation. The processing, marketing and distribu-
tion methods are modern in every respect, but the harvesting methods are not. Measured
in purely economic terms, the return to harvesters is very low in relation to the hours
invested. But these hours are ‘on the land’ and highly valued for other than economic
reasons. Indeed the cash from the harvest is almost a bonus. So for this group harvesting
wild mushrooms in remote north forest is a wonderful opportunity for entrepreneurship,
while for others with different objectives it is not.

Culturally determined opportunities for entrepreneurship are often disrupted by enti-
ties external to Indigenous people. Crawford wrote, ‘The State-Nation, a model invented
in Europe, was exported around the world. It contributed to the marginalisation and even
the exclusion of the languages and the cultures that could not acquire an official or national status in the states . . . However, there are languages and cultures that resisted this process of uniformity. Today, these . . . cultures are entitled to be respected and to exist’ (2002, p. 60). In our volume, Ruotsala described suffering by the Komi people under the Soviet system. Likewise, Dana and Remes explained how the European Union is perceived as intervening in Sámi entrepreneurship. Also in this volume, Henry’s chapter indicated interference in New Zealand. Interestingly, in both Canada and New Zealand, the state is beginning to acknowledge that the best way to foster development among its Indigenous people is to redress past wrongs by recognizing Indigenous claims to land and resources, with these to form the basis for development by the Indigenous people.

We propose that the ability to produce wealth is more sustainable than the ability to sell resources. We believe that the ability to produce wealth is a function of skills and institutions. Welfare programmes likely reduce Indigenous entrepreneurship and hinder macroeconomic development, given concomitant tax expansion.

Indigenous people are sometimes pulled to traditional forms of self-employment but pushed to other money-earning activity, out of economic need. Ndemo, in this volume, explained, ‘Virtually all those interviewed had livestock besides the business owned.’ Likewise the chapter about Basuto culture and entrepreneurship, in this book, reported that Indigenous people in Lesotho invest in cattle, even when their income comes from other sources. Degen noted that, while raising livestock is a desirable activity, many Bedouins have integrated into mainstream society, although ‘it is not socially acceptable, among the Bedouins, for women to work outside the house’. Chapter 22, by Dana and Remes, noted that Sámi people in Finland are sometimes pulled to traditional forms of self-employment but pulled to other money-earning activity, out of economic need. Likewise Rønning wrote, ‘many families also partly rely on wages from external employment’.

Western-style, mainstream entrepreneurship is not for everybody, and should not be forced upon people with incompatible values. Indeed some Indigenous communities believe in elements of egalitarianism, sharing and communal activity. This was central to the discussion by Cajete, who wrote, ‘Native people traditionally lived a kind of communal environmental ethics that stemmed from the broadest sense of kinship with all life’ (2000, p. 95). Similarly Renshaw wrote about ‘a strongly held egalitarian ethic, an ethic that predisposes the Indians of the Chaco to view the accumulation of material possessions – beyond a certain, limited level – as a threat to the social order’ (2002, p. 159). In this volume, Simeone’s chapter about the Han discussed how sharing of resources is a ‘hallmark of a subsistence economy and sharing was and continues to be a strong value of Han culture’. Also in this book, Chapter 33 discussed the Indigenous people of San Blas, in whose communities one finds minimal differences among household assets and minimal variation in material circumstance; while some may explain this in terms of poverty, we believe that this is a function of a strong egalitarian ethic. In some cases it appears that the principles of equality provide a basis for identity. Thus, in some instances, Western business values conflict with traditional values. Renshaw explained, ‘In the traditional context, there appears to have been little or no possibility of an individual’s accumulating property, let alone of using property as a means of acquiring prestige’ (2002, p. 160). Of course, this con-
trasts sharply with the use of coppers among the Kwakwaka’wakw, discussed in Chapter 26 of this book.

Egalitarianism may be said to lead to sharing and communal activities, which appear frequently in Indigenous communities. Wenzel wrote about sharing among the Inuit, ‘The result is an economy that, from Alaska to Greenland, optimizes social inclusiveness rather than the maximization of individual or family economic well-being’ (2005, p. 1894). Renshaw described a similar situation among Indigenous people in Paraguay: ‘Commerce is an even more contradictory activity than either agriculture or stock raising, since it implies the deliberate negation of generosity, with market relations taking the place of sharing’ (2002, p. 179). This is consistent with work by Bodenhorn (2000), Damas (1972) and Van de Velde (1956). In this book, the chapter about the Basuto explained how cattle are privately owned but may be used by others than the proprietor: ‘Each owner of cattle is expected to lend his herd to other members of the community in order to plough their fields. Conversely, if an individual were to sell an ox for personal gain, this would be interpreted as hostile against society. Thus such animals serve as a symbol of cultural identity and cultural regulation inhibits the convertibility of such property into property for consumption. Likewise individually owned reindeer in Russia may be borrowed, for transport purposes also by other members of the community. Also in this book, Curry discussed the context of economic decision making: ‘A villager returning home with a 1 kg carton of laundry detergent is likely to use only a very small proportion of the detergent himself before his supply is exhausted, because he would feel obligated to acquiesce to the demands of relatives for the remaining detergent after washing his own clothes.’

A summary of our theory
There is rich heterogeneity among Indigenous peoples, and some of their cultural values are often incompatible with the basic assumptions of mainstream theories. Indigenous entrepreneurship often has non-economic explanatory variables. Some Indigenous communities’ economies display elements of egalitarianism, sharing and communal activity. Indigenous entrepreneurship is usually environmentally sustainable; this often allows Indigenous people to rely on immediately available resources and, consequently, work in Indigenous communities is often irregular.

Social organisation among Indigenous peoples is often based on kinship ties, not necessarily created in response to market needs. Much entrepreneurial activity among Indigenous people involves internal economic activity with no transaction, while transactions often take place in the bazaar and in the informal sector, where enterprises often have limited inventory.

Why do people from different cultures react in unlike ways, even when exposed to similar stimuli? It appears that what is an opportunity for some is less so for others. Individuals from different ethnocultural backgrounds do not all become self-employed for the same reason, nor should they be expected to respond the same way to any stimulus. The perception of opportunity is culturally influenced, as is the measurement of success. We propose that entrepreneurship opportunity recognition and evaluation is therefore culturally determined; however, we note that culturally determined opportunities for entrepreneurship are often disrupted by entities external to Indigenous people. Indigenous people are sometimes pulled to traditional forms of self-employment but pushed to other money-earning activity, out of economic need.
In closing
It took many months to compile this book, and we hope that the numerous contributions to it will continue to be useful, helping the world understand about Indigenous values, and entrepreneurship arising therefrom. For us, it has been an enriching intellectual experience to read manuscripts, to send them to reviewers for comments, and to learn about various aspects of Indigenous entrepreneurship. This has been the centre of concern, for us, and very rewarding indeed. Perhaps it is appropriate for us, now, to remind our readers of the words of Marlo Morgan, who wrote about her experience with Indigenous people: ‘They all agreed, automobiles were handy objects of transport. Being a slave to the payment of it, however . . . wasn’t worth it, in their opinion. Besides they are never in a hurry . . . Maybe instead of calling this place the Outback, they should consider it the center of human concern’ (1999, pp. 106–7).

Notes
1. Lindsay defined culture as ‘the collective programming of the mind that distinguishes the members of one category of people from another . . . . Culture influences attitudes and behavior, varies within and across nations and across ethnicities, and is strongly embedded in Indigenous communities’ (2005, pp. 1–2).
2. For a detailed discussion of the bazaar, see Dana (2000).
3. King wrote, ‘Without deer there is no culture’ (2003, p. 133).

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