Indigenous entrepreneurship: an emerging field of research

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Abstract: Indigenous entrepreneurship is among the youngest fields of academic research, revealing that some cultural values are incompatible with the basic assumptions of mainstream theories of entrepreneurship. Social organisation among indigenous peoples is often based on kinship ties, not necessarily created in response to market needs. In contrast to Western-style capitalism, some indigenous economies display elements of egalitarianism, sharing and communal activity. Indigenous entrepreneurship often relies on immediately available resources, and consequently, work in indigenous communities may be less regular than is the case among mainstream societies. 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.

Keywords: opportunity identification; indigenous entrepreneurship.


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1 Introduction

Hindle and Lansdowne (2005, p.132) wrote, “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 world’s first PhD in the field was completed by a Canadian, Leo-Paul Dana…. ”

An article stemming from the first PhD in the field was Dana (1996a), comparing entrepreneurship among indigenous entrepreneurs and others in the Canadian sub-Arctic. A replication of the study in Alaska produced Dana (1995b), reprinted in edited volumes. Yet, it took years for indigenous entrepreneurship to establish itself as a legitimate field of academic research. Hindle and Moroz (2007, p.1) noted, “as recently as 2001, there was no extant concept of ‘indigenous entrepreneurship’ in the scholarly literature of entrepreneurship and related disciplines.”

Peredo et al. (2004) pioneered a relevant theory. Dana and Anderson (2007) was a major breakthrough, providing empirical studies of indigenous entrepreneurship conducted around the world.

Why do people from different cultures react in unlike ways, even when exposed to similar stimuli? Individuals from different ethno-cultural backgrounds do not 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 (Dana, 1995b), as is the measurement of success.

2 Heterogeneity among indigenous peoples

Research is revealing that there is rich heterogeneity among indigenous peoples; their respective values are far from identical (Dana and Anderson, 2007). Even within one indigenous people, there can be significant differences, as explained, for example, by Ruotsola (2007).

Some people are Dionysian, with emphasis on being. Others are Promethean, with emphasis on doing. Benedict (1934, p.175) wrote, “like most of the American Indians, except those of the Southwest pueblos, the tribes of the Northwest Coast were Dionysian”. More recently, Renshaw (2002, p.180) 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. It can be argued that this system of values, with its emphasis on equality and personal autonomy, is a defining feature of the Indians’ 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”.

Even within one geographic area, there exist differences among unlike indigenous peoples. Along the west coast of Africa, for instance, “The Mina came to dominate to the exclusion of northern tribes, whom they treated as savages and excluded from significant positions” (Dana, 2007a).
Nkongolo-Bakenda (2007) described the differing approaches to entrepreneurship among the Nande, Luba-Kasai and the Kunu in northern Congo. Other authors brought out differences in a similar manner. Olurode (2007) wrote that in Nigeria, the Yoruba regard work as the essence of creation; therefore, right from childhood, the young are socialised into a world of work. Older adults who fail to allocate roles to children may be regarded as permissive, as it is believed by the Yoruba that the only antidote against poverty is work. Work is not regarded as an ordeal but an integral part of social existence; in order to make it a routine, while work tasks are carried out, these may be interspersed with light entertainment, jokes, singing and dancing. Those who detest work are referred to as ole – the lazy ones – considered to be companions of thieves. Those who are wretched or poor because of failure to work or who display positive attitude to work are not deserving of support.

It should be emphasised, therefore, that there is not only one indigenous worldview about entrepreneurship. What does tie indigenous approaches together as original inhabitants is a special attachment to land, 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.

3 Incompatibility with assumptions of mainstream theories

Cultural values of indigenous peoples are often incompatible with the basic assumptions of mainstream theories, which may be based on different set of cultural values. Dana and Light (2011) showed that entrepreneurship among the Sámi is different in form and substance from the commonly accepted mainstream model; Light and Dana (2013) showed the same for indigenous people in Alaska. 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 rational behind attitude toward enterprise. Renshaw (2002, p.164), 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”.

Ndemo (2007) reported that if the Maasai people of Kenya had a choice, they would rather retain their traditional economic system instead of integrating themselves with the rest of Kenya in a market economy. Degen (2007) noted that Bedouins persist in raising sheep, even at an economic loss, for maintenance of Bedouin traditional lifestyle. Ronning (2007) explained that likewise 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. Dana (2007b) about the Namgis First Nation explained that some sales had an economic motivation, others a symbolic one. While mainstream economics suggest that rationally one might choose to maximise profit, we learn from indigenous people that entrepreneurship also has non-economic causal variables.
The individual profit motive exists; however, there are also community needs and objectives. This supports the earlier findings of Lindsay (2005, p.1), who stated, “indigenous entrepreneurship is more holistic than non-indigenous entrepreneurship; it focuses on both economic and non-economic objectives”.

4 Immediately available resources

Indigenous people are often close to nature and in some cases depend on immediately available resources, such as animals or fish; the Oroqen people, for instance, were hunter-gatherers until the 1980s. As illustrated by Dana (2002), the Dhivehis rely on immediately available resources. Dana et al. (2005) illustrated the Inuit practice of relying on immediately available resources.

Pennewiss (2007) stated, “Ainu are self-employed fishermen, hunters and collectors by heritage”. Sejersen (2007) found the same among the Inuit of Greenland. Simeone (2007) described the economy of the Athabaskan-speaking Han, based on hunting, fishing and gathering. Dana (2007b) in a study of the Nangis First Nation discussed the traditional reliance of the Kwakwaka’wakw economy, on immediately available resources. Wall and Masayesva (2007) described how the Hopi relied strictly on precipitation and run-off water, along with hard work and prayer. This is consistent with earlier findings. About the Sámi people, Müller-Wille (1987, p.352) wrote, “original, indigenous land use was based on locally available renewable resources”.

Renshaw (2002, p.157) 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”. Hukkinen et al. (2006) noted the goal of promoting reindeer herding based on natural pastures (as opposed to feeding), which provides the herders with employment and income. 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.

5 Sustainability

Indigenous enterprise is often environmentally sustainable. As noted by Harris (1974, pp.31–32), “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”. Along the same theme, Morgan (1999, p.111) 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”. While this may be an overstatement – there are certainly cases where indigenous populations have had a considerable impact on the environment – several cases in Dana and Anderson (2007) illustrate sustainable activities often associated with traditional practices. For example, Joks (2007) noted that Sámi reindeer herders utilised all parts of the slaughtered reindeer in an environmentally sustainable manner.
6 Kinship ties

Social organisation among indigenous people is often based on complex kinship ties, and not created in response to market needs. Degen (2007) described the division of labour among self-employed Bedouins. Likewise, business activity and personal autonomy among the Sámi, are so intimately interwoven that it is difficult for the individual to differentiate between business and household (Dana and Anderson, 2007). Povoroznyuk (2007) emphasised the importance of the family. Ziker (2007) about indigenous people in Russia, stated that family/clan and communal/clan holdings had both an indigenous identity and a kinship element in their organisation. Ruotsola (2007) explained that Sámi reindeer owners employed their relatives. Simeone (2007) 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 (2002, p.179), 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 …until the entire stock was used up”. Lindsay (2005, p.2) explained: “the indigenous ‘team’ involved in new venture creation and development may involve not only the entrepreneur and the business’ 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”.

7 Markets and internal economic activity

Much of the entrepreneurial activity conducted by indigenous people does not take place in the markets of the modern economy. In some cases, activities occur in the absence of exchange markets of any kind; these are internal subsistence activities. In other instances there are markets but they are based on a traditional model, the bazaar (Dana, 2000), or they occur in the informal sector, outside the mainstream markets of the global economy.

Even where there are no market transactions at all, it does not mean that is no exchange. Wealth is created by individuals and within the community, but not necessarily through the creation and sale of goods and services for profit. Dana’s (1995a) study about the Kuna discussed subsistence economic activities. The Inuit studied by Dana et al (2005) were also involved in internal and informal activities. Rønning (2007) 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, Simeone (2007) discussed subsistence among the Athabaskan-speaking Han.

That which is created is consumed or saved for personal use or exchanged through non-market cultural mechanisms such as the potlatch among indigenous people of the northwest coast of Canada (Dana, 2007b). Subsistence self-employment may take the form of hunting (Kassam, 2005), fishing (Light and Dana, 2013), or farming (Dana, 2006).

In instances where there are market transactions these 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. Some 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. Tayler (2005, p.90) noted, “getting a job in Morocco, for Berbers and Arabs alike, frequently depends not on talent but on connections”.

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. This is the theme of Dana (2011). Without infrastructure, businesses are generally local. This was also explained by Naudé and Havenga (2007). 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 et al. (1998) discuss discretion in the sector. Kloosterman et al. (1998, p.251), 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”. Often, regulatory barriers to entry and bureaucratic structures prompt small-scale enterprises to operate in the informal sector. Dana (1996b) observed that municipalities in Mozambique have tried to discourage the informal sector. Likewise, Namsraidorj et al. (2007) noted the perceived privileged treatment of the untaxed shadow sector in Mongolia. 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, for example, among indigenous people in Bolivia (Dana, 2011).

8 Emphasis on community and propensity for cooperation

Among the Sámi people, reindeer hold a cultural value. One may earn more in another profession, but there is something special about having reindeer, even if this is not profitable in the financial sense. Reindeer herding is done as a community; each reindeer is individually owned, but the entrepreneurship of reindeer husbandry requires cooperation (Dana and Light, 2011).

Some communities have a propensity for co-operation in entrepreneurship. Dana (1995a) 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, this may be a function of a strong egalitarian ethic.

Hindle and Lansdowne (2007) mentioned the individuality versus collectivity paradox. Wuttunee (2007) discussed community capitalism. Simeone’s (2007) study 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. Lituchy et al. (2007) suggest that these people prefer cooperative entrepreneurship built on alliances. Peredo (2007) discussed cooperatives and community-based enterprise in the context of Peru. Curry (2007) offers interesting insights into innovation to achieve non-monetary goals as
well as monetary goals in Papua New Guinea. Among Inuit in Canada, cooperatives are common and these have had much success (Dana, 2010).

In some communities, notably among the Maori in New Zealand and Aboriginal people in Canada, ownership of land and the 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.

Independent entrepreneurship is not attractive to everybody, and should not be forced upon people with incompatible values. Some indigenous communities believe in elements of egalitarianism, sharing and communal activity. This was central to the discussion by Cajete (2000, p.95), who wrote that indigenous people “traditionally lived a kind of communal environmental ethics that stemmed from the broadest sense of kinship with all life”. Similarly, Renshaw (2002, p.159) wrote about “a strongly held egalitarian ethic, an ethic that predisposes the Indians of the Chaco to view the accumulation of material possessions…as a threat to the social order”.

Egalitarianism may be said to lead to sharing and communal activities, which appear frequently in indigenous communities. 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. Along the same lines, Renshaw (2002, p.160) 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”.

Wenzel (2005, p.1894) wrote about sharing among the Inuit, “the result is an economy that, from Alaska to Greenland, optimises social inclusiveness rather than the maximisation of individual or family economic well-being”. Renshaw (2002, p.179) 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”. Curry (2007) 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”. This is consistent with works by Bodenhorn (2000), Damas (1972) and Van de Velde (1956).

9 External forces

Culturally determined opportunities for entrepreneurship are often disrupted by entities external to indigenous people. Crawford (2002, p.60) 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”.

Ruotsola (2007) described suffering by the Komi people under Soviet rule. Likewise, Dana and Dana (2007) explained how the European Union is perceived as intervening
with Sámi entrepreneurship. Henry (2007) discussed interference by government in New Zealand. Interestingly, in both Canada and New Zealand the state is beginning to acknowledge that the best way to foster development among indigenous people is to redress past wrongs by recognising indigenous claims to land and resources, with these to form the basis for economic development by indigenous people.

The ability to produce wealth is a function of skills and institutions and this is more sustainable than the ability to sell resources. Welfare programmes may reduce indigenous entrepreneurship and hinder macro-economic development, given concomitant tax expansion.

10 Culturally-influenced opportunity identification

Cree people of Lac La Ronge in northern Saskatchewan are developing a successful wild, organic mushroom harvesting and marketing operation. The processing, marketing and distribution methods are modern in every respect – but, the harvesting methods are not. Measured on purely economic terms, the return to harvesters is very low in relation to the hours invested. But these hours on the land are 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 a remote northern forest is a wonderful opportunity for entrepreneurship, while for others with different objectives it is not.

Opportunity identification is culturally influenced, as are definitions of and the measurement of success. Mainstream society may give paramount importance to economic performance, 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 financial 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 the success sought, e.g., 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 stakeholder value. In addition, the social value of self-employment varies greatly.

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 meat and person B comes from a vegetarian culture, person B may not perceive an opportunity to go hunting as an opportunity having utility. Yet for person A, hunting is a means of attaining the goal of subsistence.

11 Conclusions

There is rich heterogeneity among indigenous peoples, and some of their cultural values are often incompatible with the basic assumptions of mainstream theories of entrepreneurship. This makes research very rewarding, especially that indigenous entrepreneurship often has non-economic explanatory variables. Some indigenous economies display elements of egalitarianism, sharing and communal activity, contrasting capitalism as it is known in the West.
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. Perhaps the most important finding is that the causal variable behind entrepreneurship is not simply an opportunity, but rather one’s cultural perception of opportunity.

References
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