Regional Indigenous Entrepreneurship: A South-to-South Exploratory Comparison

1 Abstract

Indigenous entrepreneurial activity can promote economic prosperity and political stability in both indigenous communities and non-indigenous societies. Such activities can also contribute to the maintenance of indigenous culture and form an essential part of a country's and region’s identity. The Pacific Rim region is characterised by large populations of indigenous peoples, many of which operate businesses at subsistence levels. While research on indigenous entrepreneurs’ experiences and business models continues, studies are often conducted in isolation resulting in a paucity of comparative analysis. Superior knowledge of indigenous entrepreneurship practice would assist indigenous entrepreneurs to select appropriate and effective business models, and in extension, assist policy makers to identify effective policies to promote and support indigenous entrepreneurship in mainstream economies. This study contributes to indigenous entrepreneurship knowledge by presenting the preliminary results of an exploratory comparative study of the entrepreneurship practices of indigenous entrepreneurial groups in two countries with differing levels of economic development – Mapuche people in the Araucanía region of Chile, a developing economy, and Māori in the Rotorua region of New Zealand as the developed economy. Most significantly, Mapuche entrepreneurs were found to exclusively depend on their indigenous culture and family connections in their enterprises, whereas Māori entrepreneurs ranged from individuals for whom the maintenance of indigenous culture was the principal aim of their venture to individuals who rarely relied on their indigenous culture and family ties.
2 Introduction

Indigenous entrepreneurship, entrepreneurial activity conducted by indigenous people, promotes economic prosperity and political stability in both indigenous communities and the mainstream societies in which they are embedded (Dana, 2015; Felzensztein, Gimmon, & Aqueveque, 2013; Swanson & DeVereaux, 2017). Further, indigenous entrepreneurship can contribute to the maintenance of indigenous culture, which can be seen as having long-term intrinsic value, forming an essential part of a country's identity (Clydesdale, 2007; J. Collins, Morrison, Basu, & Krivokapic-Skoko, 2017; Peredo & McLean, 2013).

Substantial indigenous populations are characteristic of countries in the Pacific Rim region (Dana, 2015; De la Maza, 2016; Fuller, Buultjens, & Cummings, 2005; Giovannini, 2012; Kawharu, Tapsell, & Woods, 2017; Missens, Dana, & Yule, 2010), therefore, better understanding of indigenous entrepreneurs' experiences and business models in this region is seen to be beneficial to both the entrepreneurs and local policy makers. Better knowledge of existing practice would assist indigenous entrepreneurs select business models that are likely to be successful in the Pacific Rim context. In extension, better knowledge would assist policy makers to identify effective policies and, more broadly, identify government support options that are optimal for promoting and supporting indigenous entrepreneurship (Down, 2012).

However, there is a paucity of comparative studies of indigenous entrepreneurship in the Pacific Rim region, particularly of studies spanning the Western and Eastern hemispheres. The purpose of the present article is to contribute to filling this research gap by presenting the preliminary results of an exploratory comparative study of indigenous entrepreneurship in Chile (a South American country located in the southern Western Hemisphere with historical ties to Spain, its former colonial power) and in New Zealand (a country located in South-East Asia,
thus in the southern Eastern Hemisphere, with strong historical and cultural ties to the United Kingdom). By selecting two Pacific Rim countries with very different cultures and histories, we seek to explore a broad set of perspectives while remaining confined to the common context of the Pacific Rim.

While Chile and New Zealand are separated geographically, the establishment of the Trans-Pacific Strategic Economic Partnership, ratified in 2006 (to which both of the countries belong along with Brunei and Singapore), intensified trade relations between them. The addition of eight additional countries resulted in the establishment of the Trans-Pacific Partnership (TPP, 2018) The strong and growing links between Chile and New Zealand make our study particularly relevant.

3 Literature Review

Indigenous entrepreneurship results in both financial and nonfinancial benefits, such as contributing to local economic development, maintaining indigenous culture, and protecting local environment (Giovannini, 2014; Maguirre, Portales, & Bellido, 2017; Spencer, Brueckner, Wise, & Marika, 2016; Zapalska & Brozik, 2017). Indigenous culture and local environment are often found to be part of the product, such as in indigenous tourism or in designing and marketing cultural artefacts (Bremner, 2013; Hillmer-Pegram, 2016; Ratten & Dana, 2015; Zapalska & Brozik, 2017).

Government support programs are often identified as enablers of indigenous enterprise success (Curry, Donker, & Michel, 2016; Erdmann, 2016; Spencer et al., 2016; Zapalska & Brozik, 2017). Such support programs are found to be more effective when they are tailored to fit indigenous culture (M. Collins, 2017; Pinto & Blue, 2017; Yonk, Hoffer, & Stein, 2017). At the same time, indigenous entrepreneurs face problems associated with a lack of legitimacy stemming from a long history of discriminatory practices and marginal empowerment (Ruhanen & Whitford, 2016).
When the local environment or indigenous culture are part of the product, indigenous entrepreneurship creates incentives for protecting and maintaining both environment and culture (Lemelin, Koster, & Youroukos, 2015; Pereiro, 2016). More broadly, indigenous entrepreneurs are likely to protect the environment because close connection to the land is often an important facet of their culture (Phillips, Woods, & Lythberg, 2016).

Indigenous entrepreneurs tend to operate in remote regions, which may bestow them access to unique resources. However, this may also make it difficult for them to integrate into the global supply chains (Jacobsen, 2017). Moreover, indigenous entrepreneurs face challenges similar to all other entrepreneurs, so that the survival of a new venture is not at all assured (Chan, Iankova, Zhang, McDonald, & Qi, 2016; Whitford & Ruhanen, 2014).

Adopting a region-centric perspective, indigenous entrepreneurship may contribute to revitalising remote regions; economically empowering the indigenous population (Eichler, 2017; Mendoza-Ramos & Prideaux, 2017); empowering women (Ratten & Dana, 2017; Zapalska & Brozik, 2017); protecting and promoting indigenous culture (Henry, 2017); and, protecting the environment (Eichler, 2017; Phillips et al., 2016; Whitford & Ruhanen, 2016). However, the success of indigenous entrepreneurship may ultimately depend on the availability of government (financial and non-financial) support (Zapalska & Brozik, 2017).

4 Conceptual Framework

The initial conceptual framework of the present study (see Figure 1) is synthesized from the work by Clydesdale (2007), Feldman (2014), and Felzensztein et al. (2013). The indigenous culture, interpretation of history, and long-term connections to the region (extending both into the past and into the future) shape an indigenous entrepreneur's social capital and influence entrepreneurial strategy. The study adopts an abductive
approach (Dubois & Gadde, 2002), and the initial conceptual framework is modified post analysis of empirical data.

Figure 1. Conceptual framework

5 Method and Data

We conducted a qualitative ethnographic study (Hammersley & Atkinson, 2007) completing ten interviews of indigenous Mapuche entrepreneurs in the Araucanía region of Chile and nine in-depth interviews with indigenous Māori entrepreneurs in the Rotorua region of New Zealand. Interview schedules were based on the conceptual model (Figure 1), but the interviewers freely explored the issues raised by the respondents so that the interviews were not restricted to the concepts suggested by the model. The researchers relied on regional university connections (for Mapuche in Araucanía) and on an indigenous entrepreneurship support agency (for Māori in Rotorua) to introduce research subjects (the respondents). The interviewers in each region were proficient in the local language (Castellano and Māori, respectively), which facilitated establishing trust and rapport. Interviews were recorded, transcribed, and
translated into English before analysis was conducted. The interviews of Māori entrepreneurs were mostly in English, with Māori words used only occasionally so little translation was required. Reflecting on the typical characteristics of indigenous entrepreneurs in the two regions, Mapuche interviewees were all females, in their forties and fifties, and Māori entrepreneurs were of both genders and overall younger, in their thirties and forties.

6 Results and Analysis

6.1 Mapuche Entrepreneurs in the Araucanía Region of Chile

Our analysis of the data drawn from interviews held with Mapuche entrepreneurs discovered six emergent themes, namely: family and community; government support; isolation yet globalisation; boundary spanning; the influence of women; and exodus of youth.

Mapuche businesses are closely entwined with the family unit and the local community at large. Culture is often found to be part of the product they supply, that is, a Mapuche indigenous tourism experience is a cultural experience. Further, artefacts created by Mapuche artisans are sold as cultural artefacts. The ruca (the traditional Mapuche dwelling), for example, stands out as the most visible material manifestation of Mapuche culture valued by tourists.

Successful businesses rely on projects initiated by government organisations, such as the Instituto de Investigaciones Agropecuarias (INIA), Corporación de Fomento de la Producción de Chile (CORFO), and Instituto de Desarrollo Agropecuario (INDAP). These institutions help to create business-related knowledge and provide investment funds for business to set up basic utilities. However, we find formalised businesses exist alongside informal businesses that have no access to government support.
On one hand, Mapuche entrepreneurs are closely connected to the region and to the Mapuche culture (they tend to not fit outside their culture). On the other hand, they are part of the global economy, and remote events such as an appointment of a new US ambassador in Santiago or China hosting an international exposition in Shanghai may create opportunities for some of them.

To benefit from the projects initiated by the government, Mapuche entrepreneurs need to master the language of government bureaucracy and become incorporated into social networks that are now foreign to them (to get help from professionals in meeting the government's requirements). When Mapuche culture is, in itself, part of the product, the entrepreneurs need to find a suitable place at the boundary of the two cultures (belonging to the mainstream culture for compliance and legitimacy in the eyes of the authorities and funders, and belonging to traditional Mapuche culture to offer an authentic product).

Women are found to play an important role in Mapuche entrepreneurship. The social network they rely on for support tends to be female-to-female. Further, women tend to be entrepreneurial leaders, with the men as followers.

Even though the government is making efforts to revitalise the region, there is an on-going exodus from the region as younger Mapuche leave to find jobs elsewhere, namely in Santiago.

6.2 Māori Entrepreneurs in Rotorua Region of New Zealand

Parallel analysis of data drawn from interviews with Māori entrepreneurs found five emergent themes, both similar and different to those emergent from the Mapuche data. These are: family and community; distinction between agents other than ethnicity; ethnic advantage; government funding being secondary to entrepreneur funding sources; and, the scope of business reach attained by entrepreneurs, both domestically and internationally.
Māori businesses are entwined with the family to different extents, ranging from hiring family members to family history influencing the entrepreneur. Similarly, the extent of reliance on the local indigenous community varies, from strong to, essentially, non-existent.

The distinction between Māori and non-Māori is not always the most important divide, with other distinctions (e.g., age or immigration status) often more prominent. For most of the Māori entrepreneurs, Māori culture was part of their product to a certain extent, which could be less significant or could be the core of the product or service being supplied.

All of the respondents considered being Māori as an asset, but for different reasons, ranging being engaged in and sustain an aspect of Māori culture (jade carving) stated as the main reason for their business' existence to having access to government loans available to Māori only. None of the entrepreneurs indicated any negative discrimination (such as difficulty in accessing business networks) because of their Māori identity.

Institutions established to assist Māori (with government support or as part of Whaitangi settlement process) did play a role in providing assistance to Māori entrepreneurs, but the role appeared to be supplementary, with the entrepreneurs primarily relying on their own efforts.

The scope of the entrepreneurs' activities and aspirations was not limited to the region, or to New Zealand. For example, tourism services operators had most of their customers coming from overseas. Trips abroad and experience working abroad were often mentioned (e.g., acquiring skills by working in California). The state of the global economy had immediate effects on most of the firms.

6.3 Comparing Mapuche and Māori Entrepreneurs

Comparative analysis of Mapuche and Māori entrepreneurs found a number of similar and different traits across business models, business goals, and family and culture.
Māori entrepreneurs employed a greater variety of business models. Mapuche entrepreneurs, however, followed a limited set of patterns (crafts-based business, business catering to tourists visiting from outside the region, and as basic agricultural producer). A number of the Māori enterprises were in the tourism industry, yet they differed in significant ways from each other. For example, some enterprises relied on resources they owned, while others provided services by combining external resources. One Māori franchise sold food inspired by old British colonial culture (steamed puddings). Another Māori provider offered accommodation services to both tourists and to local (often, long-term) customers.

Mapuche entrepreneurs aimed to achieve modest economic gains, essentially limited to immediate physical subsistence. Māori entrepreneurs, on the other hand, had a variety of business goals ranging from creating and selling a brand to perpetuating a craft for its own sake. Achieving profit tended to play a secondary role.

Family and culture were important for both Mapuche and Māori entrepreneurs. For Mapuche entrepreneurs, family and indigenous culture were essential for sustaining their operations. Māori entrepreneurs appeared to have a choice in this respect, and economic success with little reliance on family and culture appeared to be possible.

6.4 Updated Conceptual Framework

The conceptual framework updated based on the results of data analysis is given in Figure 2. Contrary to the initial expectations, the respondents showed no awareness of history beyond their personal family history, which however, appeared to be important in shaping their attitudes and behaviours. Moreover, social capital in terms of connection to other firms (whether indigenous or non-indigenous) was not consistently indicated to be very important.
An unexpected finding was that the global marketplace was immediately relevant to most of the entrepreneurs. In particular, when indigenous culture was part of the product or service provided, customers from overseas tended play an important role.

Māori entrepreneurs showed more variety and sophistication at the top of the diagram (e.g., executing sophisticated marketing campaigns targeting the global marketplace and using a broad range of business models). However, the connection from the bottom of the diagram to the top (depicted by the bottom-up arrow in the diagram) for some of the Māori entrepreneurs was rather weak.

![Conceptual framework updated based on the results of data analysis](image)

7 Discussion
This study finds little evidence to attribute differences in Mapuche and Māori entrepreneurs’ business practices to differences in each culture. The aspect essential to govern how indigenous entrepreneurs operate in each culture was their ties to family and community. Thus, we argue that the difference between Mapuche and Māori entrepreneurial activity is primarily attributable to the difference in economic and political contexts.
Subsequently, if the economic and political contexts for Mapuche entrepreneurs in Chile develop to align closer to those experienced by Māori entrepreneurs in New Zealand, Mapuche entrepreneurs are likely to become closer to Māori entrepreneurs in their activities and eventually pursue a broader range of business models and business goals (beyond a focus on mere subsistence). Further, Mapuche entrepreneurs are likely to become less dependent on indigenous culture and family connections, with a number of entrepreneurs maintaining very close affinity to indigenous culture and networks, with others retaining only very weak connections and essentially joining mainstream commerce. Thus, if the economic and political context for Mapuche entrepreneurs develops to align closer to that of New Zealand, the weight in the conceptual model in Figure 2 will shift from the bottom to the top.

8 Managerial and Policy Implications

The study has implications for indigenous entrepreneurs and for policy makers. Mapuche entrepreneurs need to assess if the political and economic contexts in Chile has already matured enough to allow them to pursue a broader range of business models. Some Māori entrepreneurs may serve as role models, demonstrating that in a right environment indigenous entrepreneurs can achieve as much, or more, than mainstream entrepreneurs.

Māori entrepreneurs, on the other hand, need to pursue sustainable competitive advantage derived from their indigenous culture. Even though immediate economic success is possible to them with very little reliance on indigenous culture in the short term, maintaining the culture may offer their descendants access to this unique source of sustainable competitive advantage over the longer term that cannot be copied by non-indigenous competitors.

Policy makers therefore should ensure that benefits derived from economic and political development are available to indigenous
entrepreneurs as early as practicable. Such benefits are not limited to direct financial support. Rather, opportunities to gain experience by working and networking outside the local region, or even in international contexts, become important and enabling. Exploring south to south connections (e.g., between Chile and New Zealand) may be productive in this respect. The interviews that formed the data collecting instrument of this study provided no evidence of direct connections between the two entrepreneurial systems (indigenous entrepreneurs in Chile and indigenous entrepreneurs in New Zealand), so there may be a broad scope of opportunity that is yet to be explored.

Finally, preserving indigenous culture may be seen as a benefit in its own right. Policy makers should not assume that indigenous entrepreneurs will automatically work towards preserving indigenous culture because under favourable conditions some indigenous entrepreneurs may pursue mainstream business models and management practices that rely very little on indigenous culture. Rather, to support indigenous culture directly, targeted government interventions may be necessary.

9 Limitations and Further Research

Access to indigenous entrepreneurs is difficult to obtain, therefore, a convenience sample was employed. This may have resulted in success bias as entrepreneurs satisfied in the performance of their ventures may be more willing to participate. In future research, success bias could be managed by offering financial rewards for participation.

Further, the study was purely qualitative, and thus more vulnerable to bias due to subjective interpretation by the researchers than a qualitative study would have provided. In future research, the insights gained in the present study could be restated in the form of hypotheses and verified using a quantitative research design.

The study was limited to Chile and New Zealand. Further insights could be gained by extending the study to other Pacific Rim countries, particularly
countries with cultures very different from Chile and New Zealand, such as Japan (targeting the indigenous Ainu community). Moreover, further insights relevant to South America in particular could be gained by extending the study to countries such as Colombia and Peru, and beyond.

10 Conclusion
This study contributes to the current pool of indigenous entrepreneurship knowledge by conducting an exploratory comparison of indigenous entrepreneurship practice in Chile and in New Zealand, two Pacific Rim countries with very different indigenous cultures and histories. Māori indigenous entrepreneurs in the Rotorua region of New Zealand exhibited a broader range of business models and business goals than Mapuche entrepreneurs in the Araucanía region of Chile, reflecting more mature political and economic contexts of New Zealand. Whereas, while Mapuche entrepreneurs were found to depend on their indigenous culture and family connections in their enterprises, Māori entrepreneurs ranged from individuals for whom the maintenance of indigenous culture was the principle aim of their operation to individuals who seldomly relied on their indigenous culture and family ties.

References


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