Encouraging Indigenous Self-employment

Professor Scott Weaven
Room 7.33, G42
Griffith University, Gold Coast campus 4222
Ph 61 7 555 29216
Email: s.weaven@griffith.edu.au

Professor Lorelle Frazer
Room 4.04, Graduate Centre (S07)
Griffith University, South Bank campus 4101
Ph: 61 7 338 21179
Email: l.frazer@griffith.edu.au

Professor Mark Brimble
Room 0.36, Business 1 (N50)
Department of Accounting Finance and Economics
Griffith University, Nathan campus 4111
Ph: 61 7 373 57478
Email: m.brimble@griffith.edu.au

Dr Kerry Bodle
Room 6.21, G42
Department of Accounting, Finance and Economics
Griffith University, Gold Coast campus 4222
Ph: 61 7 5552 7034
Email: k.bodle@griffith.edu.au

Dr Maruice Rousetty
Department of Marketing
Griffith University, Nathan campus 4111
Ph: 61 487 679 076
Email: m.roussety@griffith.edu.au

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Abstract

Although originally touted as a business mechanism to encourage self-employment for minorities, franchising has not lived up to initial expectations. While minority ownership in franchising in the United States has shown considerable growth over the last two decades, this has not been the case for Indigenous Australians. Indigenous business ownership in franchising remains low, even though a majority of franchisors are willing to recruit Indigenous employees and franchisees. This paper aims to open a dialogue on the relative merits of utilising a transitional self-employment pathway for Indigenous Australians through franchising. We argue that such a hybridised approach may ameliorate systemic disadvantages that many Indigenous Australians face when considering entering small business. Data was gathered from a series of interviews with Indigenous business owners, franchise (third-party) advisors, Indigenous government agency representatives, franchisors and franchising educators. Our results highlight the pressing need to better address areas of disadvantage that have been raised in prior Indigenous Entrepreneurship and small business studies. Overall, our GROWTH-pathway approach and recommended courses of action, answer calls to encourage private sector involvement in Indigenous employment, so as to repair economic and social damage caused by the introduction of a Western enterprising culture.

Introduction

Encouraging Indigenous entrepreneurship remains a prominent policy area in many nations throughout the world as it is viewed as a mechanism for mitigating the economic and social deprivation currently experienced by many Indigenous minorities (Hindle and Landsdowne, 2005; Hunter, 2015). We argue that franchising may provide a means for encouraging Indigenous business ownership and employment. However, although originally considered as a business arrangement that would encourage self-employment for minorities, franchising has not entirely lived up to these initial expectations (Hunt, 1972). Indeed, Indigenous business ownership and employment within franchising remains low, with no remedial prospects. While franchises are structured and controlled business models that assist in minimising experiential and financial barriers to business entry, it appears that these systemic benefits are unknown to, or misunderstood by Indigenous Australians. In comparison, minority ownership of franchises in the United States of America (USA) exceeds that of non-franchised businesses by 8.3 percent (IFA, 2011; PriceWaterhouseCoopers, 2009) and Australian Indigenous franchise ownership by 8.5 percent (Frazer et al. 2014). Moreover, a recent national study found that only 11 percent of franchise systems had previously engaged Indigenous Australians as employees or franchisees (Frazer et al., 2014). This undesirable trend in self-employment amongst Indigenous and non-Indigenous Australians is supported by the ATO (2009), finding that in 2006 only 6 percent of Indigenous Australians were self-employed compared with 17 percent of non-Indigenous Australians. Although more recent data by Hunter (2013) suggests a growth in Indigenous self-employment to 12,500 in 2011, most commentators concur with Hunter's (2014: 49) assessment that '…the prevalence of self-employments in the Indigenous population is still around one third of that for other Australians'. The literature proposes several core reasons for the low levels of participation in self-employment centering on a lack education and business experience, poor financial literacy, limited capital accessibility as well as community caveats relating to participation in traditional self-employment models (Brimble and Blue, 2013; Foley, 2006; Schaper, 1999).

Franchising is a business arrangement between two independent parties, where the franchisor generates upfront and ongoing revenues by granting franchisees access to its proven business model which may include financial assistance, training and ongoing advice (Dant et al., 2013). That is, franchising has the functional attributes to attenuate an individual's experiential and capital barriers to entry (Dant et al., 2013a). Inevitably, this begs the question as to why franchising is not perceived as an optimal business model for Indigenous Australians, especially given that over half of Australian franchisors support the transition of Indigenous Australians from that of franchise employee to franchisee ownership (Frazer et al., 2014). This phenomenon may be explained by a misalignment between traditional franchise models and the self-employment dispositions of Indigenous people. In support of this, Altman (2009: 131) suggests 'the notion of cultural difference embedded in the articulations between kin-based societies and capitalism' presents a key challenge for Indigenous self-employment. Moreover, Fuller and colleagues (1999) emphasise the need to develop on-the-job vocational skills that could proficiently equip Indigenous Australians to successfully enter self-employment. More specifically, given the prevalence of substandard business and financial management skills

amongst Indigenous Australians, Hunter (2015) argues that existing training and support mechanisms offered by franchisors may be inadequate. This observation could explain why minorities in the USA are more likely to fail than their (non-minority) counterparts even though they are "twice as likely to start a business" (Oyelere et al., 2013: 27). This may signal an opportunity for traditional franchise systems to tailor their franchise offerings to the needs of Indigenous Australians who are seeking self-employment opportunities.

Accepting the above claims and the proposition that cultural and skill factors encumber Indigenous Australians when considering the franchise option, and the public policy imperative to encourage private sector investment in Indigenous small business (Fleming, 2015; Hindle and Lansdowne, 2005), we submit a conceptual GROWTH-Pathway approach of employment-to-franchise ownership as a strategy to moderate the impact of these impediments. The pathway contemplates a contractual relationship that is operationalised as a structured program that fosters positive engagement by franchisor and Indigenous participants from employment to franchise ownership. The GROWTH-Pathway model is systematically represented in a six-stage progression of Goalsetting, Resourcing, Ownership, Warranting, Tiding and Handover. These stages are designed to deliver two key objectives, namely, to attract and grow a pool of experienced franchises cadets from the Indigenous community, and (ultimately) increasing franchise ownership by Indigenous Australians. Knowing that franchisors stress the lack of suitable franchisees as a primary hindrance to their growth plans (Frazer et al., 2012), the GROWTH-pathway approach has potential to alleviate this problem for franchisors as well as richly contributing to the economic participation of the Indigenous community as a whole.

The GROWTH-Pathway approach requires careful mapping to ensure that identifiable cultural, sociological and economic barriers inherent in the employment-to-franchise ownership experience of Indigenous Australians, are mitigated, whilst maintaining commerciality in the franchisee/franchisor relationship during each of the six stages. This submission is advanced in six sections. Section A considers the theoretical background to the problem of Indigenous Australian employment-to-franchise ownership in a literature review and clarifies the terms Indigenous Australian, Indigenous business, Franchise business and Non-franchise SME business. The research methodology and findings are contained in section B leading to a discussion of those findings in section C. Next, the GROWTH-Pathway approach is recommended and rationalised in section D followed by sections E and F, which deal with the research limitations and concluding comments respectively.

Literature Review and Definitions

The theoretical background of this research is framed around key concepts relating to Indigenous Australians, Indigenous business, Franchise business, and key differences between Franchise and Non-Franchise businesses. As these concepts mean different things to different people in different contexts, they are defined below to ensure contextual clarity and consistency throughout the ensuing review.

Identity of Indigenous Australian - Definition

Effective prospecting, qualifying, recruiting and evaluation of participants for the GROWTH-Pathway cannot be facilitated without defining the term 'Indigenous Australian'. The Australian Bureau of Statistics defines an Indigenous person as a person of Aboriginal or Torres Strait Islander descent who identifies as an Aboriginal or Torres Strait Islander and is, as such, accepted by the community in which they live (ABS, 2012). Therefore, there are three operative components to the definition; *descent*, *self-identification* and *community acceptance* which the pathway will have to consider when identifying potential candidates. While it appears that the population of Indigenous Australians has steadily increased by 21 percent in the six years leading to 2011, (ABS, 2011) researchers generally agree that this can be partially attributed to the willingness of more Aboriginal and Torres Strait Islander people to identify their status and their heritage (Biddle, 2012; Closing the Gap: Prime Minister's Report, 2013).

The conceptual demarcation of business and self-employment often eludes researchers. Business refers to an organised ecosystem where at least one person superintends, risks capital, and employs others for commercial rewards. Conversely, self-employment requires an individual, to risk personal capital and exert personal effort in generating income. In the Indigenous Australian context, both income generation model is widely practiced as not-for-profit, commercial enterprises, or community-based trading entities (Foley, 2003). Notably, this research is delimited to the small to medium sized commercial enterprise (SME) context.

In spite of the subjectivity involved in applying the three prescriptive characteristics of *descent*, *self-identification* and *community acceptance* in identifying an Indigenous Australian, the clinical identification of Indigenous businesses appears more problematic. Overall, the accepted definition of an Indigenous Australian business is primarily determined by Supply Nation as a business with at least 51 per cent of its ownership and control by Indigenous Australians as defined above (Hunter, 2013). However, Hunter (2013) asserts that a more appropriate definition, explicating what constitutes an Indigenous business, will increase the number of reported Indigenous businesses covered by government policy targets. However, notwithstanding the definition of Indigenous business, building the capacity of Indigenous businesses remains a public policy priority (Hunter, 2015) lending further support for our proposed GROWTH-Pathway approach.

Franchise business

As detailed above, franchising is a unique business model that reduces both the psychological and performance risk of entering self-employment by reducing capital, experiential and managerial barriers (Dant et al. 2011; Dant et al.1996). Accordingly, it has often been promoted as a means of providing opportunity for minorities and as an easier method for entering self-employment and business ownership (Hunt, 1972; Kaufmann and Dant, 1996). Overall, franchising is celebrated as a popular business model alternative to fully independent business ownership that affords satisfactory levels of independence while providing the requisite training and support that is often lacking in non-franchise business operations.

Franchise v Non-Franchise business

The choice of self-employment as a franchisee or an independent proprietor (owning a non-franchise business) may be easier for some individuals than others, and certainly poses a different set of challenges for Indigenous Australians. This is mainly on account of cultural, relational, operational and legal differences that exist between franchised and fully independent business models. Franchisees, as common law agents, enjoy less independence and their businesses are created, governed, and terminated by contract. Moreover, they retain an inherent connection to their principal/franchisor for the duration of the franchise term (Sardy and Alon, 2007). At their best, these contracts contain regulatory mechanisms for a franchisor to monitor its franchisees, to provide performance incentives, to allocate risk, to manage externalities and information asymmetry; and to facilitate entrepreneurship and interdependence (Spencer, 2008, Burkle and Posselt, 2008). Independent businesses exhibit a different set of relational, operational, and risk-bearing characteristics to those of franchisee-operated businesses. Ultimately, what distinguishes a franchisee-operated business from an independent private and public enterprise is its inability to manage risk autonomously and free of restrictions. However such operational limitations may prove problematic for Indigenous Australians who may be culturally bound by caveats of "free spirit and kinship".

Since franchisee and independent entrepreneurs are motivated by three main economic outcomes: growth, innovation and flexibility (Foley, 2003), one could question whether Indigenous Australian entrepreneurs possess divergent motivations. Wood and Davidson (2011) assert that monetary rewards alone are not a highly ranked motivator for Indigenous Australian entrepreneurs. Similarly, Foley (2005) maintains that Indigenous Australians will tend to measure business success in egalitarian terms, such as by their ability to employ relatives and support their community. More recently in a study of Mexico's Indigenous population, Perez and Pavon (2014) found that indigenous societies adopted egalitarian norms developed to survive colonialism. Over time, these norms became entrenched in powerful kin-centric cultural norms, beliefs, values, and rituals to achieve equitable social and economic outcomes. This focus on communal outcomes, prima facie, may be at odds with what a typical franchisor would expect of their franchisees. We believe that this may represent a critical challenge for the GROWTH-Pathway approach.

Indigenous self-employment

Historically, Indigenous Australians have largely been excluded from building businesses in Australia (Schaper, 1999). Although Indigenous disadvantage exhibits considerable inertia, recent improvements in Indigenous skills, (Hunter, 2013) may have resulted from concomitant impact of positive government policies and a host of private sector initiatives. The advocacy of Indigenous businesses by Supply Nation, the direct support provided by Indigenous Business Australia (IBA), the Department of Education Employment and Workplace Relations (DEEWR), and the Indigenous Capital Assistance Scheme (ICAS) have all contributed to an increase in Indigenous Australian self-employment and Indigenous business initiation. The private sector also contributes through initiatives such as the Indigenous Chambers of Commerce (AICC). However, repeated calls have been made for the private sector to assume a lead role in

supporting Indigenous entrepreneurship and small business creation (Fleming, 2015, Fuller et al. 2005; Ivory, 1999). Such strategic cross-sectoral collaboration has been shown to deliver sustainable economic benefits, mend social tensions amongst ethnic groups and promote self-reliance in other country contexts such as Fiji (Fiji Development Bank 1998; Fairbairn 1988). Furthermore, it is well established that successful Indigenous business ownership affords direct participation in the Australian economy and can create the subsequent flow-on of wealth to others, contributing to intergenerational asset accumulation in Indigenous communities. Of particular note is evidence that businesses that Indigenous Australians lean towards are well represented within the Australian franchise sector (Hunter, 2013), thus supporting the proposed GROWTH-Pathway approach.

The literature has contributed to the mapping of the employment-to-franchise ownership pathway in several ways. Firstly, constraints relating to the definition of Indigenous Australians and Indigenous businesses have been identified. Secondly, social, cultural and economic inhibitors that have resulted in a continuation of historical disadvantage in employment, self-employment and business ownership have been confirmed and thirdly, facilitating factors to counteract these inhibitors have been detailed in the significant and effective efforts of both the public and private sector aimed at Closing the Gaps (Closing the Gaps: Prime Minister's Report, 2013). Although relating specifically to the employment of Indigenous Australians, these initiatives can be extended with theoretical justification to Indigenous Australian self-employment and Indigenous business ownership (Hunter, 2013). At this stage, it is worth reiterating that the specific intention of the GROWTH-Pathway is to increase direct self-employment of Indigenous Australians which is considered the most effective means of increasing Indigenous Australian employment by a number of leading Indigenous researchers such as Gray et al. (2012, 2014) and Young et al. (2007).

Methodology and Findings

Given the paucity of prior research in this area, we adopted an unstructured inductive approach to gathering in-depth information from key industry stakeholders. In all, twelve telephone interviews were completed with consent given to record and transcribe the interviews for subsequent thematic analysis. Given that any inductive and largely unstructured data collection approach will invariably lead to the misinterpretation of information or researcher bias (Eriksson and Kovalainen, 2015), we employed specific interviewer strategies of reflexivity (Funder, 2005) and negative scenario sampling (Morse and Cheek, 2015; Patton, 2002) to understand and control for researcher bias. NVivo 10 software was utilized for coding and re-coding around emergent themes.

The key stakeholders in the mapping of the pathway are Indigenous Australians initially recruited as employees, franchisors selected to support the program, IBA who, and franchising experts from the Asia-Pacific Centre for Franchising Excellence, Griffith University. Overall, there were six key themes arising including: preferred characteristics of the franchise systems; financial modeling supporting the pathway; training and education supplied over the initial term; the process of prospecting and recruiting; and the effect of the predicted success.

In order to emphasise pertinent comments provided by participants, selected parts of their transcribed texts are offered. In order to preserve the anonymity of each voice, the participants

are coded as follows, Indigenous Australian, Franchisor representative (For), Franchise Adviser (FrAd) and Representative body spokesperson (Rep).

Preferred characteristics of the Indigenous Australians initially recruited as employees.

The need to capture the preferred characteristics and personal qualities that those invited to join the pathway should display was one of the most important themes expressed by participants. All interviewees self-identified the need for a rigorous selection process to ensure involvement of franchisees that were motivated to succeed. The following comment by an Indigenous Australian captures the sentiment in all responses.

> *I think that just comes down to selecting the right person. If you can find the right person ... a person that's got a long-term view and can see the benefits of creating wealth.*

Though a level of consistency was observed in carefully defining 'the right person', cultural imperatives and concerns complicated consideration of what a 'right person' actually was. The following statements are indicative of a majority of responses.

> *If you promote publicly...and attract potentially a different type of candidate – not someone who is in denial about their Indigenous heritage but someone who would not find it necessary to rely on the government agencies to give them a leg up and into it in the first place. So someone who's perhaps got either greater wherewithal of capacity of motivation or enthusiasm in their own right...* (Franchise Advisor)

and,

> *One of the biggest differences I find between Indigenous and non-Indigenous is the Indigenous peoples' families. Often they're loath to leave their own community. And the other side of it, too, is if there's a problem or a drama in their family, work comes a distant, distant second...* (Indigenous Australian)

Overall, and on account of the challenging nature of the employment-to-franchise ownership pathway, all participants voiced an imperative for Indigenous Australians to possess what are viewed as the core franchisee qualities of commitment, desire, enthusiasm and energy. These types of qualities were expected to determine part of a template for franchise recruitment and are held to be independent of ethnicity.

In terms of the characteristics of the franchise systems targeted to employ the Indigenous Australians as employees, generally, participants were convinced of the need to identify 'the right' franchise for the employment to franchise ownership pathway. For example a franchise organisation representative suggested that choosing the wrong franchise system would represent a 'great danger' and a franchisor commented that an unsupportive franchisor would result in failure. Similarly, the careful qualification of the geographical representation, performance, motivation and cultural sensitivity of franchise systems was also identified as central to franchise system selection by an Indigenous Australian,

So having a franchise that has an established customer base certainly would help people make that transition…I think for me the thing has got to be a bit like a joint venture – on behalf of the Indigenous people as well - it's not just selling a franchise.

In addition, one franchise organisation representative suggested:

I think it faces great challenges in many ways. A lot of people who enter into franchises, as franchisees, are not technically competent to do that, and the failure rate can be very high. If you have a disadvantaged group such as Indigenous people who need both finance support and training support, you would have to choose the franchisors very carefully.

One franchise advisor advocated for considering location in the investment decision:

But here in Australia I think the biggest challenge is going to be the geographies in which a business is located.

Overall, participants voiced greater concern in choosing a franchise system than choosing Indigenous Australians for the pathway. They advocated for franchise systems with well-developed brands, and proven training, financial and marketing systems. In addition, these systems were considered to be less reliant on initial capital contributions by incoming franchisees and have a geographical reach that would facilitate the support of Indigenous Australians in not only urban, but regional and sub-regional centres. Importantly, all participants self-identified the need for franchises to show a degree of cultural sensitivity in recruitment and operational stages.

Financial modelling and assistance supporting the pathway

We use the term financial modelling as a vast majority of participants voiced financial concerns that extended beyond the restricted view of whether or not an Indigenous Australian could access the capital to purchase or part-purchase a franchise. Such terminology is in recognition that most interviewees agreed that non-standard and unfamiliar means of financing the franchise purchase should be given consideration. A franchise adviser initiated the idea of financial models,

Where you're converting employees to franchisees a significant impediment regardless of Indigenous orientation is capital…I think that where you're talking about Indigenous Australians they're not bringing a lot of capital to the table themselves. Oh it's critical – yeah no hurt money means no commitment to it – they'll walk away.

Two franchisors suggested different financial models that could be utilised on the employment to franchise ownership pathway. While one advocated for the use of a graduated buy-in process in which successful staff members would be permitted to buy a percentage of a store in partnership with the franchisor, another franchisor detailed particulars of his current transitional program:

The management programme to a franchisee is a two to three-year programme depending on how they want to take it on. In that two years they must complete certain courses, being trained in business management, and as well, too, they must hit certain goals through that two to three-year period, being the two-year is they get at the end of

> *that $45,000 taken off the price of a franchise, or if they do the three-year they get the full franchise fee and another $10,000 on top of that, too, taken off, and that becomes a credit onto their account. But they must hit certain KPIs during that time otherwise time is added on to the programme.*

However, one franchise advisor showed some scepticism regarding the value of progressive ownership and internal financing models. He also promoted the idea of 'skin in the game', an alternative vernacular to 'hurt money',

> *Generally speaking, where we've seen employee-sponsored proprietorship we've found little success in that…they didn't has to have enough skin in the game and it's ended up causing problems.*

The thematic results reveal that 'Skin in the game', 'Hurt money' and 'Leave it and lose it' are well-known expressions within franchising. Each participant group voiced that each employee that becomes a franchisee must have a significant financial commitment to the pathway, for it to be a successful (and long-term) business partnership.

Training and education over the duration of the pathway.

Training and education are fundamental advantages associated with franchising as opposed to independent small businesses. In supporting Indigenous Australians who join the pathway, intense and consistently provided training, education and support for the duration of the pathway are considered to be central by all groups. For example, one franchisor commented,

> *I think franchising, the way it's set up is take unskilled people and train them in how to operate their brand and their systems and their procedures, and people follow that and that's a proven concept and ... you know, if people follow it and they're in a reasonable location then they should be able to make money, if it's a proven concept.*

However, many participants identified financial training and mentoring as the most important aspects of such training and education. For instance,

> *I reckon the financial side is where I think a lot of people struggle…budgeting and planning properly, and that sort of stuff. IBA runs their individual's workshop and that covers a lot of that off. That'd be possibly one area I'd say the main spend needs to be with that financial acumen side of it.* (Indigenous Australian)

and a franchisor added,

> *And so I would think…that mentoring programme might not only be one of their peers within the system, a franchise owner, and typically the best mentors have got the time to do so and the inclination to. And they might be a multi-store operator who's got some businesses run under management who could spend a bit of time mentoring on a regular basis.*

Two Indigenous Australians particularly reinforced the need for qualified mentors who had both 'awareness of the issues Indigenous Australians face', and '[business] experience that they were

willing to share.' Thus, people choosing a franchised business primarily do so to access support, training and education. Each participant group overwhelmingly recommended a focus on improving financial literacy and the appointment of a mentor, preferably for the duration of the programme.

Process of prospecting and recruitment of Indigenous Australians as employees.

In order to select 'the right' Indigenous Australians to join the pathway, most participants emphasised the importance of careful planning in designing approaches to prospecting and recruiting appropriate individuals into the programme. A franchise advisor suggested how this might be achieved:

> *I think Indigenous Business Australia developed quite a sophisticated recruitment screening and selection process. I would use advertising and marketing within the Indigenous community, and PR more importantly, of both press and TV, and then the other themes of the community, and these are simple as sort of notice boards in the right appropriate places, and indeed even a mailing campaign to alert people that there is an opportunity and you're looking for expressions of interest.'*

Participants offered several ideas to optimise participation of Indigenous Australians in the pathway process. While there was little agreement as to the inclusion of Indigenous groups, most participants agreed for the need to cast a 'wide' prospecting net to increase visibility amongst Indigenous Australians. One participant suggested that the recruitment process should be a long-term and 'in house' recruitment drive, while another suggested that this function be delegated to qualified recruitment agencies currently working with Indigenous Australians.

Success of the pathway from the participants' perspectives

Participants were specifically asked to describe the likelihood of success for the pathway and what success for the pathway would look like from their perspective. The following comment is indicative of a majority of responses.

> *That the business is operating in one or five years. Success is survival. (Franchise organisation representative)*

In addition, the following comment from an Indigenous Australian was representative of all comments in this group.

> *Success would be achieving your outcomes financially and the opportunity to create other employment opportunities for Indigenous Australians. Because I think you then become a role model for other people thinking if they can do it maybe I can do it.*

Generally, all Indigenous Australian participants considered success in financial terms together with other relevant positive outcomes provided to Indigenous families. However, non-Indigenous participants generally emphasised financial outcomes. Importantly, there was strong consensus that the pathway would contribute to wider social and cultural objectives for Indigenous communities.

Discussion

It is well accepted that the stimulation of Indigenous small business '…has the potential to repair much of the damage through the creation of an enterprising culture…[that] empowers Indigenous people as economic agents in a globally competitive modern world' (Hindle and Lansdowne, 2005: 8). However, it is of particular concern that a meager 7 percent of franchisors have recruited Indigenous Australians, even though more than half have shown a willingness to do so (Frazer et al., 2014). This highlights the inadequacies of current franchising arrangements to provide self-employment opportunities for Indigenous peoples and reveals a distinct 'disconnect' between intentions and outcomes. Importantly, our proposed pathway is consistent with recommendations (from scholars and industry representatives) to initiate programs that support the shift from publicly-provided incentive programs to the private sector (Agrawal, 1995; Hindle and Moroz, 2010). In fact, involvement from the private sector is deemed an important 'second wave' for the continuing economic development of Indigenous enterprises internationally (Peredo et al., 2004; Stevens, 2001). More generally, a number of studies provide clear evidence in support of the proposed employment-to-franchise ownership pathway both theoretically and as an affirmative action tool that involves the private sector in providing direct employment opportunities and small business ownership for Indigenous Australians.

Overall, our results confirm that the GROWTH-Pathway approach of employment to franchise ownership is consistent with government policy, is theoretically underpinned as an affirmative action mechanism that results in the direct employment of Indigenous Australians, and is supported by all participant interviewees, in that no group presented a categorically dissenting voice. However, a majority of respondents indicated that the success or failure of the pathway will be dependent on gaining the firm commitment of Indigenous Australians and franchise systems for the envisaged duration of the pathway, with most suggesting that the pathway should be 1-3 years in duration (for each Indigenous participant). Moreover, most interviewees self-identified that the provision of comprehensive and culturally sensitive on-the-job and off-the-job training, including specific mentors (Purcell and Scheyvens, 2015) being assigned to each Indigenous Australian was a critical element that should be available along all stages of the pathway. Of note, all interviewees agreed that franchisors should provide a suitable financial structure such as stepped pathway, discounted franchise fees, loans, and assistance when dealing with financial intermediaries to ensure Indigenous participants 'buy in' and are committed to the business model. Such strategies were seen as beneficial in promoting a group of keen and committed Indigenous participants who would be more likely to transition to self-employment, be successful as franchisees and ultimately provide future employment opportunities for Indigenous Australians within their franchise unit. It is also apparent that such approaches have long-standing support in the literature (e.g. Gray and Hunter, 2005). Thus, our findings reveal that current training practices may need to be augmented to accommodate the unique needs of Indigenous Australians. In particular, these relate to financial literacy and business management skills. This directly supports the notion that to be successful, Indigenous entrepreneurs need to be well-educated and business savvy (Foley, 2003; Hunter, 2015). While some of our research participants suggested that these programs could be developed 'in-house',

other interviewees suggested that external educational providers could be accredited to assist in this process.

As mentioned above, our interviews revealed that the likely success of this pathway would be reliant on the initiation of a dialogue between stakeholders who possessed an integral understanding of Indigenous issues and culture. In fact, Gelder et al. (2007), commenting on the Fijian context, argue government and banks ought to assume a bigger role in the selection and training of future entrepreneurs. This approach can assist Indigenous employees to make informed decisions and concurrently build their self-esteem and personal development at each stage of the pathway. Moreover, our findings suggest that franchisors also need to engage with Indigenous bodies and/or representatives to better understand and accommodate personal and cultural imperatives during the employment and transitional phases. Additionally, interviewees favoured the establishment of a working party consisting of both internal and external stakeholders to monitor the progression of each individual Indigenous employee on the pathway

The role of communication in the pathway was seen as central to the 'relational health' of franchising partnerships (Chiou et al., 2004) argue that a variation on traditional communication models appears necessary when managing the recruitment and employment of Indigenous Australians. While unilateral and bilateral communication has been advanced as a critical element in establishing cooperative intent, reducing conflict and generating satisfaction in franchising relationships (Gassenheimer et al., 1996; Koza and Dant, 2007), the scope and frequency of communication appears unique in the context of Indigenous people. In particular, many interviewees commented on the importance of providing daily vocationally centered communication between the franchisee and Indigenous employee.

Another critical factor pertained to the role of monitoring in ensuring adherence to set standards so as to support brand value and favourable service delivery outcomes (Brickley and Dark, 1987 and Weaven et al., 2014). Although there is some suggestion that excessive monitoring may diminish franchise unit performance (Dahlstrom and Nygaard, 1999; Weaven et al., 2014), most interviewees appreciated the positive benefits of closely monitoring Indigenous employees and franchisees. They maintained that monitoring allows progress relating to key personal attributes, skills and professional development can be measured against a series of individualised way-points and key performance indicators along the pathway. Thus, monitoring techniques and systems that extend beyond current evaluation practices should be considered.

Recommendations

This following recommendation synthesises the findings and accommodates central concerns and recommended courses of action in designing and implementing a successful GROWTH-Pathway. The 6- stage model comprises a symbiotic process of Goalsetting, Resourcing, Ownership, Warranting, Tiding and Handover that transitions an Indigenous Australian from being employee to a retiring business owner. It relies on the corporation and goodwill of various stakeholders such franchisors, financiers, educators and the Indigenous community. The GROWTH acronym captures the essence of the pathway in that it allows all stakeholders to grow. For the Indigenous Australian, growth will be manifested in terms of career advancement

and wealth creation, for the franchisor, growth is likely to be measured in terms of increasing the pool of credentialed franchisees and community brand value, and for the community, growth will be reflected in community attitudes and advancements in Closing the Gap.

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Stage 1- Goalsetting

The goal setting stage comprises three main strategies that allow a recruit to be profiled, educated and qualified to ultimately own a franchise. The profiling process is aimed at assessing an Indigenous Australian for having the pre-requisite characteristics for franchising in context of the structural and functional differences highlighted above. This might consist of a psycho-metric test coupled with other rudimentary literacy assessments to understand the candidates' motivations, ambitions and skill level. Education and counselling is then tailored and delivered over a specific time frame to fill any gaps identified in the assessment. At the end of the qualifying period and having responded positively to the process, the candidate progresses to the next stage.

Stage 2- Resourcing

The candidate progresses to the resourcing stage as a Cadet with a Franchisor or Franchisee and as beneficiary of a paid job and vocational training. During that process the Cadet is required to learn specific job functions with the franchise system. This might involve rotating amongst various franchise businesses within the system or head-office of the franchisor with a mentor assigned to the cadet. This process is intended to expose the Cadet to developing inter-personal skills, build self-confidence and grow a network of individuals with common personal and career interests.

Stage 3- Ownership

During the ownership stage, the Cadet enters a pre-franchise program where they are provided with performance-based rewards. Structured Key Performance Indicators (KPI) that the franchisor deems indispensable in operating a successful franchise will drive these rewards. The rewards for meeting certain KPIs are accumulated as points, which can subsequently be converted into currency that can be traded towards purchasing a franchise after a qualifying period. This represents both "skin-in-the-game' and "equity" for the purposes of financing. When the Cadet attains a set number of points, a business acquisition plan (including finances, structuring and budgeting) is developed to prepare for an actual purchase of a targeted existing of Greenfields business. The Cadet exits the job mentoring phase and is mentored by a well-credentialed franchisee and becomes a franchise owner.

Stage 4- Warranting

The warranting stage requires the franchise owner to engage and work closely with accredited advisers to assist in long-term financial planning, budgeting and succession planning. This process will ensure that the franchise owner remains grounded and does not succumb to short-term excesses caused by a potential jump in earnings. The franchise owner can warrant a

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preferred succession arrangement for existing employees or family members, which allows a smooth transfer of intellectual and financial capital.

Stage 5- Tiding

During this phase, the franchise owner experiences the ebbs and flows of being a business owner/operator. The mentoring role now shifts from being mentored to mentoring other Cadets and becomes a sponsor of other young Indigenous Australians. The franchise owner may also develop and implement an exit strategy.

Stage 6- Handover

The final stage triggers a divestment of the franchise asset and the franchise owner may wish to become a community mentor and sponsor of Indigenous Australians who wish to enter self-employment of any type. The knowledge accumulated during the goalsetting through to the tiding stages can now be imparted to and benefit the Indigenous community as a whole.

Limitations of research

It is acknowledged that some of the richness of data collected from face-to-face interviews has been sacrificed by conducting telephone interviews. The sample size of interviewees is not ideal, but considered representative of the population selected. We acknowledge that our findings should be interpreted in that context.

Conclusions and recommendations for further research

This research introduces and evaluates an employment-to-small business ownership pathway that leverages the systemic strengths of the franchise business model to better accommodate the unique needs of Indigenous Australians. Such an approach accommodates prior recommendations to provide Indigenous Australians with business-related qualifications and skills, provide assistance in maximising access to social and financial capital, and build culturally supportive working environments (Foley and Hunter, 2014; Hunter, 2015). Moreover, such sentiments have been consistently detailed in other Indigenous country contexts (e.g. Anderson et al., 2001; Foley and O'Connor, 2013; Page et al., 1999; Yusuf, 1995). The major lessons learnt from this study are that successful implementation of such a pathway is reliant upon the selection of suitable Indigenous candidates who have access to franchise systems that can provide tailored training, support, and mentoring, financial and business education, financial assistance and customised communication strategies. Although the practical implementation of the GROWTH-Pathway approach requires commitment by a number of key stakeholders, the promised benefits to Indigenous employment and small business ownership are manifold. Given that more than half of the population of Australian-based franchisors have indicated a willingness to recruit Indigenous Australians, a major hurdle to the successful implementation of this strategy appears to have been overcome. Moreover, the realisation of this proposed community and sector wide initiative may, in part, assist in delivering on Hunt (1972: 34) early

prediction that 'Franchising appears to offer potential business opportunities to minority group members because of the substantial benefits of franchise systems'. Moreover, with increased visibility of this employment approach, more franchise systems may be encouraged develop their own indigenous initiatives (e.g. reconciliation action plans) (Hunter, 2015) which will undoubtedly encourage indigenous employment. Furthermore, given the analogous context of Indigenous peoples and the popularity of franchising in geographies such as Canada, New Zealand, and Mexico, the GROWTH-Pathway approach could perform an important role in growing a whole new generation of business-savvy business owners.

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Author biographies

Scott Weaven is Professor and Head of the Marketing Department, Griffith University. He also holds the position of Deputy-Director of the Asia-Pacific Centre for Franchising Excellence (APCFE) and has published extensively on issues surrounding SME performance, franchise relationships and minority issues in salaried and self-employment contexts.

Lorelle Frazer is Professor of Marketing, Griffith University and Director, Online and Blended Learning in the Griffith Business School. She is Director of the Asia-Pacific Centre for Franchising Excellence and research interests extend across all areas of small business management.

Mark Brimble is a Professor of Finance, Griffith University and Director of the Center for Financial Independence and Superannuation. He is Chair of the Financial Planning Education Council and has published extensively in the areas of Personal Finance, Financial Literacy and Financial Education.

Kerry Bodle is a Lecturer in the Department of Accounting, Finance and Economics, Griffith University. Her research interests include the valuation of Indigenous intangible assets, pathways for Indigenous students and the impact of cultural influences on small business relationships.

Maurice Rousetty is a consulting strategist with DST Advisory and a Lecturer in the Marketing Department, Griffith University. His current research interests include franchise valuation, work-life balance in small business and Indigenous employment.

Figure 1: GROWTH-Pathway model of Indigenous self-employment

- Profiling
- Education
- Qualification

Goalsetting

Resourcing

- Cadetship
- Networking
- Job mentoring

- Rewards
- Acquisition
- Business mentoring

Ownership

Warranting

- Financial planning
- Budgeting
- Succession planning

- Peer mentoring
- Community sponsor
- Exit strategy

Tiding

Handover

- Divestment
- Mentoring
- Sponsor