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**Freedoms and Responsibilities
Ethics, Leadership and Corporate Governance in a Global
Economy**

**Opening Day
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Town Hall**

City of Melbourne

Opening Address
Prof. Mick Dodson
Abstract

Indigenous Australians have historical been exploited by business as both exploited labourers and consumers. At the same time there has also been Indigenous resistance to unethical and exploitative business practices.

In this paper I explore how strong Indigenous leadership coupled with the desire for ethical and respectful engagement has been both a feature of historical resistance to business exploitation as well as to recent successes in Indigenous business enterprise developments in contemporary settings. This is evident at all levels of business development in the Indigenous sector from major joint ventures, to community business initiatives and individual or small business successes.

Examples of large and small Indigenous business developments will lead into a discussion which will explore the meaning of ethical business practice, good corporate governance and strong legitimate leadership in the Indigenous Australian context.

Exciting Horizons for Indigenous Business

My first duty is to thank the Wurunderi Tribal elder for welcome to country and acknowledgement of Wurunderi ancestors.

Thankyou to Prof. Coady, for inviting me to participate in this Congress.

I would like to welcome our many overseas guests to this Congress.

In this opening address I would like to talk about leadership, ethics and business particularly in relation to Indigenous Australia, and Indigenous Australians interactions with and participation in corporate governance and business in this country. Of course many of the issues discussed here particularly in relation to leadership, ethics and governance are universally applicable to successful business.

(commence power point)

Before I proceed with the main focus of my talk today, I will give a very brief Indigenous profile presentation for those of you unfamiliar with this part of the world.

For the overseas visitors and for many of our own home grown variety this map of Australia showing the distribution of Indigenous language groups is probably one that you've never seen before.

This was mapped by Horton and published in 1994. And while the violent processes and encounters of colonialism ravaged many of these language groups, and destroyed, dispossessed and relocated them, the majority of indigenous people today continue to have associations and affiliations to the countries of their ancestors.

The remainder of the slide show takes us quickly through some of our major historical events, and I must acknowledge my friend and colleague Prof. Marcia Langton for the use of this material.

(Proceed through slide show)

Returning to Business

Indigenous encounters with the business sector over time has been essentially exploitative. This has manifest in exploitation of Indigenous labour, and exploitation of Indigenous consumers.

These unethical interactions between Indigenous people and business continue in many forms today. However, as we see resistance to this form of unethical practice and exploitation by Indigenous people now, so too was there resistance through out our history.

For instance the frontiers were built on the back of underpaid or free Indigenous labour, particularly associated frontier businesses such as the cattle industries in central and northern Australia. And there can be no clearer evidence of resistance than the now infamous walk off by Indigenous workers at Wave Hill Station in the Northern Territory.

Unethical businesses in the past and still today target Indigenous consumers. This continues to be a huge problem in remote areas where salesmen opportunistically sell their wares, such second hand cars or household goods at inflated prices.

Indigenous businesses in these areas have attempted to counteract these unethical business practices by buying up and competing with them, and providing business services to Indigenous people, by Indigenous people for Indigenous people, including purchasing stores, petrol stations, hotels, and car yards.

While some of these practices still continue, there are many other far more inspirational business developments happening in Indigenous Australia.

There are many outstanding and inspirational relationships being forged between big business and Indigenous people in the contemporary context.

There are many examples local and community businesses, some which have emerged out of the somewhat controversial Commonwealth's Community Development Employment Scheme, and partnerships developed at the local level.

And there are still other outstanding examples around the country of highly successful individual Indigenous business men and women quietly achieving and competing in the market place.

Big business

Joint Ventures

In our more recent history, Indigenous Australians have experimented in joint ventures with big business, sometimes successfully, sometimes not. These have been more of a feature in more remote areas where resource exploitation potential has attracted interest from large mining companies. Joint ventures have taken the form of partnerships and agreements between these companies and Indigenous communities or Indigenous incorporated organisations.

Mining Companies involved in joint ventures include The Henry Walker Group – involved in four joint ventures with Indigenous groups, and Rio Tinto involved in between 28 and 35 Indigenous enterprises.¹

Banks

Westpac Cape York

The major banks have begun participating in credit and money management partnerships with Indigenous communities. For instance, Westpac is participating in the Cape York Family Income Management project by providing considerable in-kind assistance through their volunteer secondment program. This program assists Family Income Management community workers with technical assistance, financial management systems, and information and education products.

The project is coordinated by the Family Income Management Working Group which is made up of business, government and community members. This project has been extremely successful and is expanding to more communities with one of the major benefits being increased consumer capacity to support local business development.²

Indigenous business -

Australian Indigenous Leadership Centre

The Australian Indigenous Leadership Centre is a registered company that was established in December 1999, under the auspices of the

¹ Arthur, W.S. 1999 What's new? The 1997 Parliamentary Inquiry into Indigenous Business, CAEPR Paper No. 177, ANU, Canberra, p.4

² Australian Bureau of Statistics 2004 Yearbook (electronic version) - Strengthening Indigenous families and communities, p. 2-3

Australian Institute of Aboriginal and Torres Strait Islander Studies in Canberra.

Indigenous people developed the company as a response to the perceived need to build Indigenous leadership capacity nationally. Its aims are ‘to promote Indigenous leadership skills and ability and create forums for Indigenous people to share ideas, experiences and skills’³.

Individuals and companies can sponsor or contribute to the AILC.

Government

The Commonwealth government has developed a number of different programs to foster Indigenous business development and to build Indigenous assets.

The recently dissolved administering arm of ATSIC, ATSI, administered a number of programs which assisted Indigenous people to access credit including its business development and assistance program, home loan programs and the CDEP, the Torres Strait Islander Land Fund and the Aboriginals Benefit Account.

Indigenous Business Australia is a statutory body that builds assets for Indigenous stakeholders through investment. The Indigenous Land Corporation, also an independent statutory authority buys land for Indigenous people and builds asset base.

Analysis of these programs by researchers at CAEPR indicate that while

‘All these organisations have assets that can be used to facilitate Indigenous business investment and a number have been successful in joint ventures in particular,...all of these organisations also face problems including the following;

- there is no link between resourcing and success
- annual appropriations may be insufficient, so each has to husband resources cautiously and only invest in low-risk ventures
- each organisation has considerable and highly variable objectives and jurisdictions, and options for joint action is limited
- each is subject to restrictions that are ministerially imposed and may make little commercial sense
- it is unclear if their substantial asset base can be fully utilised to back loans guarantees or to jointly finance ventures with banks,

³Australian Indigenous Leadership Centre pamphlet

· there is some lack of appropriate transparency and communications with potential beneficiaries.’⁴

Community Business and partnerships

Bunuba Inc. operating out of Fitzroy Crossing WA, must be one of the most inspirational Indigenous business ventures in the country, and I urge you to come and listen to my friend Joe Ross from Fitzroy Crossing tomorrow to hear more about this. It developed out of a joint venture formed by Indigenous directors in 1989, and includes a hotel, caravan park and supermarket. Local Indigenous people are trained in hospitality and management skills and are employed in these successful businesses.

CDEP Businesses

Just briefly, the Commonwealth’s Community Development Employment Scheme was established in 1977 in remote Australia and expanded rapidly to include rural and urban Indigenous communities. It operates as a partnership between participating CDEP communities and government where participants pool their own social security benefits to fund projects deemed relevant to their own community.

Business enterprise development is a key focus for many programs, with the ultimate aim of moving CDEP participants out of subsidised employment into the market place integrating with the mainstream economy. While CDEP’s business successes have not been widespread, it has certainly helped to develop businesses that would otherwise have never been considered or attempted.

Some of these enterprises include for instance, the Redfern CDEP Sydney Harbour cruise venture and their successful printing and sewing production business.

The Bungala’s Construction program in Port Augusta, South Australia, competes successfully in the market place winning tenders above other local construction companies

In Victoria, Wathaurong Glass has become a well recognised and viable business in its own right after beginning as a CDEP project in 1998. It is not just economically successful, but artistically successful as well, with its glassworks in demand and on display around the world.

⁴ Altman, J.C. 2002 Generating finance for Indigenous development: Economic realities and innovative options CAEPR Working Paper No 15, ANU, Canberra, p.4

In the middle of the Richmond River on Cabbage Tree Island in New South Wales is Bunjum CDEP. It has its own construction company employing Indigenous tradesmen and apprentices. It also runs a cane farm and tea tree property. Recently they have been successful in negotiating a contract with the Body Shop who buys the oil for their products.

Individual /Small Business

Its very difficult to know exactly how many individual or family Indigenous businesses are surviving or failing in the market place. There has been very little research to date in this area, and it could be an ideal area for the business sector to inject funds into research to better understand the role of small business in the economic development of the Indigenous business sector generally, and what the recipes are for successful Indigenous small businesses.

There is really only anecdotal evidence to draw on. Within my own circle of friends and acquaintances I know many smart Indigenous operators working the markets to their advantage, filling a niche, and providing a service.

People such as Terry Jenki, operating her own Indigenous legal firm, employing Indigenous lawyers, Dave Johnson, Indigenous archaeologist, providing archaeological and heritage management services with his team of Indigenous archaeological and heritage management experts.

Inspirational facilitators, Kerri Tim and Eddie Watkins who support Indigenous and non-Indigenous businesses and organisations with strategic planning and facilitation services.

There are many, many more stories, including Indigenous policy and research consultancy businesses, trades businesses, architectural and landscaping businesses, arts industry businesses, tourism ventures, and small scale resource exploitation ventures.

Bill Arthur of CAEPR has carried out research in the Torres Strait and suggests that

‘The commercial fishing industry appears to afford a niche for successful individual small businesses. For example, a Torres Strait Islander with a commercial pilot’s licence has leased a small plane to transport live crayfish to Cairns for export and has already successfully services two loans from the TSRA (Taika 1998:2).⁵

Inhibitors and incubators in Indigenous business development

Incubators

Once Indigenous entrepreneurs have overcome the many barriers to business development, particularly access to credit, access to business mentoring, skills development and business advice is also necessary.

ANU researcher Siobhan McDonnell investigated the opportunities for aspiring Torres Strait Islander business women and found that small business enterprise training was identified as one of their key needs.

She writes about some interesting developments in the Torres Strait;

‘While it is clear that the small population size in Torres Strait would make a traditional incubator model unviable, the incubator concept has recently been expanded to include ‘incubators without wall’. It is anticipated that these incubators will work by providing a small business centre within a community together with outreach services throughout the region. ...at present, investigations into the use of ‘incubators without walls’ by Aboriginal communities are being conducted in Arnhem Land and Tennant Creek...Importantly, impetus for these investigations has come the Aboriginal communities themselves.’⁶

Inhibitors

There are a number of barriers that have been identified which inhibit business success for Indigenous people.

First and foremost we must acknowledge the legacy of colonisation on Indigenous Australians and their resulting marginalised status. This has left Indigenous people generally, with very little asset base, skills and access to credit.

Governments have recognised the problems of credit access and have attempted a number of programs to assist Indigenous entrepreneurs with the necessary credit base, skills development and business mentoring with

⁵ Arthur, W.S. 1999 What’s new? The 1997 Parliamentary Inquiry into Indigenous Business CAEPR Discussion Paper 117, ANU, Canberra, cites D. Taika 1998 Inquiry into Indigenous Business, House of Reps. Standing Committee on ATSI Affairs, Official Hansard report of hearing, 19 May

⁶ McDonnell, S. 1999 The Grameen Bank micro-credit model: lessons for Australian indigenous economic policy, CAEPR Paper No 178, ANU, Canberra

some success. However, as mentioned previously, while there has been some success, there are a number of problems with these programs.

Roles for Business

There is a significant opportunity for the business sector to support Indigenous business entrepreneurship which would no doubt strengthen government and community processes aimed at overcoming business inhibitors.

Indeed, Altman identifies a number of strategies for private sector engagement,

‘There is a need for a strategic engagement with the private sector. The Indigenous leadership must continue its efforts to influence the broader behaviour of financial institutions.....

- Any possibilities for conjoined Indigenous and state leverage to enhance commercial banking, support to Indigenous business should be pursued. Some banks are already providing philanthropic business advisory support to Indigenous communities.

- Options for making a business case for making an enhanced profile for banks...should be considered.

- There is a need for the banking sector to seriously consider the corporate citizenship and leadership provided by the mining industry in seeking to facilitate and underwrite sustainable economic futures for Indigenous communities...’⁷

Leadership

The impact of strong and legitimate leadership in the Indigenous sector, business sector and government sector cannot be underestimated.

For the Indigenous sector, infighting, lack of capacity, lack of coordinated government support and historical legacies have left many of our institutions struggling and our organisations failing. Unstable, unethical, and corrupt processes will not attract investment.

The Indigenous sector is however, tackling these issues head on, with the support and dedication of our own businesses, such as in the Indigenous Leadership Centre building leadership capacity throughout our communities.

Governments are attempting to clean up their act a bit and we watch the Council of Australian Government Trials with great interest as they

⁷ Ibid p. 15

attempt to bridge the gaps both within government services and between government and Indigenous communities.

Corporate business sector support, particularly from the mining industry and the banking sector are making a difference at the national, regional and local levels.

Governance

Economic policy researcher Jon Altman says,

‘there is a need for strong Indigenous leadership and governance for development,This leadership and appropriate institutional design is needed at national, regional and community levels.

- At the national level there is a need for greater collaboration between existing Indigenous institutions, but also for alliance building with mainstream business, including the banks...

- At the regional level there is a need for a more strategic regional approach to development that can be auspiced by robust regional institutions...such institutions will play an important role in ensuring the level of political stability needed for development...

- At the local level there is also a need for institutional strengthening to generate appropriately structured community development institutions that are commercially realistic and have the means to deliver local political stability..”⁸

Ethics

Perhaps it is here, under the title of ethics that we can build a discussion around an awareness of colonising ethics in business. By this I mean that business ethics are usually

‘predicated on the currently dominant neo-liberal ideology of development. This ideology is not necessarily shared by indigenous people,At times there is opposition to development’⁹.

Altman writes that,

‘Globalisation is assumed to result in economic and cultural acquiescence to the market, but there is evidence of Indigenous cultural resistance and persistence, especially in remote regions.’¹⁰

Studies in leadership, governance and business emerging from Indian country in the United States through the Harvard Project show that

⁸ Altman, J. C. 2002 Generating finance for Indigenous development: Economic realities and innovative options, CAEPR Working Paper No. 15 CAEPR, ANU, Canberra, p.

⁹ Altman, J.C. 2002 Generating finance for Indigenous development: Economic realities and innovative options, CAEPR Working Paper No. 15, CAEPR, ANU, Canberra, p.1

¹⁰ Altman, J.C. 2002 Generating finance for Indigenous development: Economic realities and innovative options, CAEPR Working Paper No. 15 CAEPR, ANU Canberra, p.2

'cultural fit' is important for successful institutional development, and the separation of powers between political structures and administrative and financial arrangements necessary for accountability and transparency.

The question of 'cultural fit' in Australia is equally vital for Indigenous businesses and it is at the interface between Indigenous business and western constructions of business ethics that many relationships and enterprises come unstuck.. For many Indigenous people, cultural and family obligations take precedent over business commitments and profit margins.

Many big business deals have been struck in Australia by employing creative business management processes that can help to mediate between these sometimes conflicting and opposing priorities. Thinking outside the box, creative processes, ongoing respectful dialogue and ownership of the processes will mean better business relationship building between big business and Indigenous people.

Ethical, respectful practices, strong and legitimate leadership, and good corporate governance, are the recipes for success in any business venture, particularly in the challenging intercultural zones of Indigenous business development.

Thankyou