

NON-TRADITIONAL VS. TRADITIONAL ENTREPRENEURS:  
EMERGENCE OF A NATIVE AMERICAN COMPARATIVE PROFILE OF  
CHARACTERISTICS AND BARRIERS.

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ABSTRACT

This research provides a comparison of Wisconsin and Minnesotan Native American entrepreneurs (non-traditional) with Non-Native American (traditional) entrepreneurs. The authors identify the characteristics and barriers which are similar and those which distinguish the two groups. Significant variation occurs with Native American entrepreneurs as a group in subjective thinking, community orientation and parental experience. Differences in aspirations, communication skills, education level, and discrimination were barriers to Native American entrepreneurs, but access to financial resources was found as a common barrier to both groups.

INTRODUCTION

The goal of this research paper was to assess the current status and history of entrepreneurship and small businesses of Native Americans living and working in Wisconsin and Minnesota. O'Hare reports that in the latest U.S. Census Report, Native Americans owned and started the fewest small businesses of all minority groups in the United States (25). The goal of the U.S. Census Report is to gather numerical data and not provide possible explanations, consequently no rationale for these figures was given. This finding, however, demonstrates that there is a uniqueness regarding entrepreneurship and Native American ethnic background. For this reason, the authors decided to compare Native and Non-Native Americans on their entrepreneurial characteristics and perceived inhibitors to small business start-ups.

LITERATURE REVIEW AND BACKGROUND

A review of current literature failed to provide either a discussion of the possible factors for the low number of small businesses started by these non-traditional entrepreneurs or any specific research done seeking to provide possible answers. There has been scant research on Native American entrepreneurship and small businesses in general (15, 21, 26, 29). Most information available regarding Native American businesses has been compiled by the U.S. Bureau of Indian Affairs and has focused on tribal businesses such as natural resource development enterprises, production of Native American tourist products and gambling casinos (7, 14, 15, 32).

In addition to the intrigue over the census data, the authors were interested in the research topic since in this two state region (Wisconsin and Minnesota) there are relatively more Native American students as a minority group compared with other minorities located in the regional colleges and universities but few are taking degrees in any business administration majors despite the many scholarships available to Native American students, both private and governmental. If such scholarships are not sufficient a stimulus for Native American students to study business administration and economics, what strategies could be implemented to attract Native American students to careers in business?

## SIGNIFICANCE

The importance of such a study relates to the fact that very few Native Americans have started small businesses. In fact, "American Indians are the least likely of any major American racial and ethnic group to own a business, with only 1 Indian in 100 a business owner" (25 p. 32). What are the reasons for this? What are the social, cultural, political, legal and/or economic factors which inhibit this or encourage movement into other areas of work? In many non-industrialized countries, social values and attitudes of the indigenous population do not encourage business ownership as the societies were communal and/or were agriculture or hunting based (2,3,5,11,16,34). Additionally, many countries have histories of colonial governments and/or expatriate populations which have controlled the economic systems and small business enterprises (12, 17, 19, 27, 28, 33).

The significance of studying Native American entrepreneurship and small business development would be to identify the possible factors which impact on the behavior of Native Americans. Knowing which factors serve as barriers would also be a step in developing strategies to overcome these factors and ease the way for development policies which could be used by the SBA's Small Business Development Centers, State Economic Development Centers, and colleges and universities in their regional economic development and recruitment efforts aimed at Native Americans. Understanding differences in characteristics of existing Native American and Non-Native American entrepreneurs may help educator and policy makers alike to identify potential entrepreneurs who might be encouraged to develop their business skills.

## METHODOLOGY AND SAMPLE

After an exhaustive search of library holdings and an online databases for literature dealing with the topic, two trips to major institutions which have holdings on Native American studies were planned. These two institutions were the University of Wisconsin at Madison and University of Minnesota in Minneapolis. The major methodology used in this research project was personal interviews of the Native American and Non-Native American entrepreneurs who have started and/or operated

their own small business in Wisconsin and Minnesota. A database of Native American businesses was utilized from the University of Wisconsin Superior's Center for Indian Studies and Non-Native American businesses were acquired from a business list by states through a consulting service. on-site field interviews with various tribal leaders and entrepreneurs located in Wisconsin and Minnesota were a prelude to developing the in depth interview survey. Additionally, appropriate governmental officials, such as the Bureau of Indian Affairs, were interviewed and their reactions to the questionnaire were solicited. Mailings to potential interviewees with follow up phone calls initiated the interview process. The Principal Investigators conducted the one on one personal field interviews with the logistical help of a work study position. Eighty interviews (40 in each group) were implemented during the years from 1995-7.

## RESULTS OF THE INTERVIEWS

The profile of Native American entrepreneurs which emerges from the research is predominantly male, aged 35 or older and some education beyond high school. The Non-Native American group were also a strong majority of males, 35 years or older and some college education. The factors which contributed to startup success were similar for both ethnic groups. Common behavioral characteristics included "hard work", "customer orientation", "competitive pricing", "good business sense", and "high quality". These factors have also been found in past literature on entrepreneurs (1, 6, 8, 10, 13, 18, 22, 24).

Significant differences among Native American entrepreneurs and Non-Native American entrepreneurs are found in the following characteristics: parents being an entrepreneur, objective versus subjective thinking, orientation and perceived barriers to startup. Table 1 shows the Chi Square results for the first characteristic, parental background. Non Native American business people had a higher percentage of parents who were entrepreneurs themselves. This bears out the

research that very few Native Americans have tried entrepreneurship as a career and certainly there is lack of influence from parents in this direction (4, 21, 23, 25).

Another differentiating characteristic which was emphasized in Native American entrepreneurs was a greater propensity to be subjective thinkers or as people responded "thinking with their hearts." Non-Native American entrepreneurs saw themselves most often as objective thinkers and this finding is paralleled in previous studies (8, 11, 22, 24). Similarly, the non-traditional entrepreneurs valued community more than their counterparts who prized individual orientation. The differences were moderately significant for both the mode of thinking and orientation. These characteristics are more cultural in nature and are summarized in Table 2.

Lastly, the research showed that 4 of the top 5 perceived barriers to startup which were ranked by survey respondents varied significantly by the ethnic grouping. Significant variation occurred in "aspiration level", "formal business education", discrimination, and "communication skills", with Native American entrepreneurs as a group ranking these inhibitors as more important than the Non-Native American group. The factor which emerged as not being influenced by ethnic grouping was "limited access to funding and/or capital" with 93% of non-traditional and 94% of traditional entrepreneurs ranking this factor as one of the most important barriers they are facing as small business people. Access to financial resources is a common barrier regardless of the ethnic background of the entrepreneur as borne out in the research (22, 24, 27).

Overall, no significant differences in any entrepreneurial characteristics or barriers were found based on location of the business, that is, whether the business was located in Wisconsin or Minnesota.

## DISCUSSION OF THE RESULTS OF THE RESEARCH

What are the implications for educational and governmental based programs to develop entrepreneurship among native peoples? For an answer, we can turn to our Northern neighbors in Canada. They have initiated the Canadian Council for Native Business (CCNB), a partnership between private sector business and Native Canadians, which helps native people develop economic self-sufficiency by providing access to the opportunities of business enterprise. To contribute to the long-term well being of native people, the CCNB has concentrated on improving business expertise, business experience, and business education. As shown in this research business skills such as in communication and analytical thinking as well as overall business education are seen as barriers to success.

over the past 5 years, the CCNB has developed a range of programs and initiatives whose aims have been to promote self-help and personal choice while helping improve native business skills. CCNB efforts include education, business counseling, internship and facilitation services, and sponsorship of business workshops. The key success factor of CCNB programming is that it is tailored made to the local conditions (21, p. 35).

Phyllis Wolf, executive director of the Minnesota American Indian Chamber of Commerce (MMAICC), says that "Native American business people don't look at it as a bottom line concern. Their commitment is to the community. They look at it as their obligation to provide jobs, or strengthen the community." The MMAICC has found their Business Builders series and mentoring programs to be most successful to increase entrepreneurship as these activities are tied to the values of 'community' shared by Native American people (20, p. 4).

Correspondingly, some psychographic characteristics were highlighted in the research as different for Native American entrepreneurs, such as subjective versus objective thinking or individualistic versus community oriented. What do these differences mean in terms of entrepreneurial education and development? Lee Little Soldier, a professor of education at Texas Tech and consultant for Indian education, confirms that building self esteem and understanding the values of Native people are the first steps to relevant, success oriented education (30, p. 21).

Developing different approaches and learning styles to adapt to these various culturally based characteristics are important to entrepreneurial education and development. Efforts which build on past successes of Native American entrepreneurs networking people together and programs which are specifically tied to the needs and values of Native Americans will be the ones that enhance entrepreneurial development (4, 9, 20).

Government policies which endorse "tribal self-determination" and continuing education for Native Americans will develop tribal owned enterprises as well as individual business people who may initiate businesses of all sizes, both on and off the reservation (14 p. 43). To overcome perceived inhibitors of low aspiration levels and formal education, role models and mentoring programs could begin to broaden the experiences of young people so they can see themselves as successful entrepreneurs (9, 20, 21, 23).

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**TABLE 1. PARENTAL BACKGROUND FOR NATIVE AMERICAN AND NON-NATIVE AMERICAN GROUPS**

CHARACTERISTICS	NA	NON-NA
ENTREPRENEUR PARENTS	13%	75%
NON-ENTREPRENEUR PARENTS	87%	25%

CHI SQUARE (N=40 PER GROUP, DF=3) = 20.83 (.000)

**TABLE 2. THINKING AND ORIENTATION CHARACTERISTICS FOR NATIVE AMERICAN AND NON-NATIVE AMERICAN GROUPS**

CHARACTERISTICS	NA	NON-NA
THINKING		
OBJECTIVE	42%	63%
SUBJECTIVE	58%	37%
ORIENTATION		
INDIVIDUAL	26%	67%
COMMUNITY	74%	33%

CHI SQUARE (N=40 PER GROUP, DF=4) = 8.15 (.005)

**TABLE 3. PERCEIVED BARRIERS FOR NATIVE AMERICAN AND NON-NATIVE AMERICAN GROUPS**

INHIBITORS (TOP 5 RANK)	NA	NON-NA
ASPIRATION LEVEL	93%	42%
FORMAL BUSINESS EDUCATION	95%	56%
LIMITED CAPITAL ACCESS	93%	94%
DISCRIMINATION	87%	22%
COMMUNICATION SKILLS	75%	45%

CHI SQUARE (N=40 PER GROUP, DF=5) = 67.2 (.000)

