Managing Commercial Relationships between Indigenous Businesses and Large Purchasing Organisations: Changing the Play and the Rules of the Game

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Thesis submitted in fulfilment of the requirement for the degree of Doctor of Philosophy

UTS BUSINESS SCHOOL

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CERTIFICATE OF ORIGINAL AUTHORSHIP

I, Dean Jarrett, declare that this thesis, submitted in fulfillment of the requirements for the

award of Doctor of Philosophy, at the UTS Business School at the University of Technology

Sydney is wholly my own work unless otherwise referenced or acknowledged. In addition,

I certify that all information sources and literature used are indicated in the thesis. This

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ABSTRACT

The thesis on which this research is based is that inclusive procurement, while well-intentioned, is applied in ways that create numerous challenges in commercial relationships between Indigenous suppliers and the buyers of their goods and services. These challenges have influenced and undermined the realisation of strong, effective and collaborative business partnerships between Indigenous businesses and their customers. To investigate this thesis, research with Indigenous-owned companies was undertaken in both Australia and the US, investigating several key factors of commercial relationships between Indigenous suppliers and large corporate and government customers. In particular, the research sought to identify the factors that constrain, enable and underpin supplier diversity relationships then comparatively analyse the results.

The thesis argues that the commitment of large purchasing organisations (LPOs) to supplier diversity has been found to be a key enabler in these relationships, however the nature of the relationships between Indigenous suppliers and LPOs, and whether it has realised its intended social outcomes, has been under researched, particularly in Australia.

Supplier diversity is a strategic business process aimed at connecting minority and Indigenous-owned companies with major corporations and government agencies through inclusive procurement practices. Recent years have seen substantial increases in the number and size of Indigenous-owned companies providing goods and services to LPOs. These increases can be attributed in part to pro-social procurement government policies and an emerging strategic commitment to supplier diversity amongst LPOs. An improved entrepreneurial expertise in Indigenous communities and greater levels of innovation and quality of Indigenous-produced goods and services in both Australia and the US has also contributed.

Driving the adoption of supply diversity initiatives is the assumption that, from the Indigenous perspective, increased procurement from Indigenous suppliers will in turn create greater self-determination opportunities for Indigenous people and communities by enabling them to become more economically independent and empowered, and from the LPO perspective, supply diversity will promote positive inclusive cultural change within the LPOs themselves.

This research questions these assumptions and argues that supplier diversity initiatives, as they are currently operationalised by LPOs, are not producing these outcomes for many Indigenous-owned suppliers or for the LPOs themselves.

To test this thesis, the research sought to identify whether there is a discernible difference in how LPOs treat Indigenous owned suppliers compared to non-Indigenous suppliers. Results suggest that supplier diversity initiatives do not foster the kinds of collaborative, culturally-aware partnerships that are required to deliver social outcomes for Indigenous communities or realise internal cultural change within LPOs.

To conduct this study, relationships between Indigenous suppliers and their LPO buyers are examined through the dual theoretical lens of Indigenous Standpoint Theory (IST) (Nakata 1998; Foley 2000; 2003; 2005) and Transaction Cost Economic Theory (TCE) (Williamson 1998; 2008). Through IST, I articulate an Indigenous perspective and contest mainstream worldviews, in particular as they relate to a better practice approach to building relationships in the supply diversity marketplace. TCE theory posits that firms should focus on minimising transactions costs (Coase 1937; Simon 1957; March and Simon 1958; Williamson 1971). I argue that IST supports the assertion that transaction costs within relationships, commercial and otherwise, can be minimised through appreciation of IST perspectives in ways that humanise relationships, a process which involves greater appreciation and adoption of Indigenous practices.

To investigate the range, and identify some key features of, Indigenous supplier and LPO buyer relationships, the thesis first examines Indigenous-related corporate and government policies and procedures. It then presents the findings of 22 in-depth interviews focusing on key elements shaping Indigenous business relationships. These in-depth interviews were conducted with Indigenous business owners in Australia and the US. Findings from the interviews suggest that many of these Indigenous suppliers and LPO buyer relationships are characterised by an unequal distribution of power, reduced levels of trust, and misunderstandings about the importance of Indigenous cultural values within the commercial relationship. These elements are significantly shaped by the extent of the buyers' lack of understanding of culturally significant Indigenous practices of reciprocity, obligation and other culturally aligned behaviours.

A key finding of the research is that, despite extensive commitment to supplier diversity as articulated in a range of LPOs' institutional policies and procedures, the uneven distribution of power, suboptimum levels of trust and a problematic approach to culturally safe behaviours has, in numerous cases, undermined the realisation of strong and effective collaboration and meaningful business relationships. It is argued that without genuine partnerships, supplier diversity strategies are unlikely to be successful. Success in this case refers to the realisation of key supplier diversity program goals such as economic independence and empowerment, Indigenous self-determination and for LPOs the benefit of adopting innovative Indigenous business ideas that add value, competitive advantage and positive cultural change.

Since white settlement it has been consistently assumed that there was virtually no Indigenous economies pre-invasion and that Indigenous people have a lot to learn from the west / mainstream about how to do business. This thesis argues that it is the other way around - mainstream business have a lot to learn from Indigenous communities, particularly about how to develop equal, trusting and reciprocal relationships that minimise transaction costs and deliver positive social outcomes. These findings provide an Indigenous perspective to the academic field of inclusive procurement research and are particularly relevant to private and public organisations seeking to develop respectful, collaborative and strategic business partnerships that lead to an emergence of genuine relationships with Indigenous suppliers.

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Dean Jarrett

PROLOGUE

Growing up on Bellwood Aboriginal Reserve on the fringes of the small town of Nambucca Heads on the NSW mid-north coast, life was at times challenging. My first venture into the market came out of the essential need to biyamba [eat]. I was around ten years old and one of the regular activities at that time was to walk to the local golf club, find golf balls, either in the river or amongst the mangroves, and sell them back to golfers or the gulf club. My siblings, cousins and I would shine the balls; separate those in terms of their quality; then we often haggled about price with our buyers. We would also offer our services as caddies to the regular golfers. With the money we made, we would buy food that we ate directly and other times we would take yuraal [tucker or food] home for family. Some of our extended family had other independent ventures such as catching and selling beach worms and pipi's, selling bottled oysters and woven baskets [like the ones my Miimi – grandmother used to make] to tourists and locals.

Other families had boats and they caught yamaarr [edible fish] which they could eat and then sell any surplus. This yuraal would also be reciprocally shared or traded for other goods such as jiddi [wood worm] or nunguu [kangaroo] which were more abundant upriver from us. These ventures were seasonal and delivered an income that helped families live, to a certain extent, independently of government protectionist and assimilation policies, if only for a short period. On reflection, those practices seem now to have been a form of self-determination through the process of commercialising parts of Gumbaynggirr cultural life. They helped, in a small way, to address some of the inequalities and prejudices that confronted our families at that time.

Fast forward to 2010 when with very limited business experience, I registered my sole trader consultancy business. I did this after much discussion with fellow students in the Master of Management at the UTS Business School. Many of these students were employed in the not-for-profit and public sectors, and over many conversations it became clear that they were seeking to understand how their organisations could better engage with Indigenous people and communities. Their employers represented a cross-section of local, state and federal government agencies, along with community-based organisations that provided employment, youth, housing and disability services. As I was setting up my business, I was

also able to seek advice from the Department of Aboriginal Affairs. Their Economic Development Officer was able to support me with my start up concepts and helped me to engage a business advisor who guided me through the initial stages of setting up my business. Through this process, I participated in Intro to Business Workshops, a program administered by Indigenous Business Australia, which intends to help Indigenous Australians people to start, buy and grow small to medium businesses while increasing the number of Indigenous owned businesses (Indigenous Business Australia, 2019). These workshops were great in many ways, but it isn't until one is fully operating a small business out there in the market on a daily basis, that one realises the satisfaction, and at times annoyance and grief, which a business venture can bring — it was not easy.

While attending the Intro to Business Workshops, I was encouraged to attend an information session about the Indigenous Opportunity Policy (IOP) hosted by the Australian Indigenous Minority Supplier Council (AIMSC). The IOP was introducing changes to the Australian Governments procurement processes to maximize Indigenous employment opportunities. The AIMSC workshops were to inform suppliers to government, Indigenous businesses, government procurement professionals and other stakeholders about IOPs support for Indigenous businesses and how they, as a key stakeholder, could be affected by the changes.

Following that information session, I applied for certification with the AIMSC, which was later rebranded to what is now known as Supply Nation. During the certification process, I had an interview with AIMSC staff at their Kent Street office in Sydney at which, I had to produce relevant documentation relating to my business including my Certification of Aboriginality. The Certification of Aboriginality document is signed by an officer of an Indigenous organisation from my home community of Nambucca Heads and is stamped with the organisations common seal. A site tour of my business was also a requirement of the certification process although I was working from home at that time. Once my application for certification was formally accepted, I attended the AIMSC tradeshow and conference held at the Hilton Sydney in 2012. It was through this attendance that I was introduced to numerous like-minded Indigenous business owners seeking to grow their small businesses, and was invited to be part of an Australian Indigenous business delegation, led by AIMSC staff, to a National Minority Supplier Development Council (NMSDC) Tradeshow and Conference in America.

At this conference I started to question the context of supplier diversity for Indigenous business owners, particularly around self-determination, as there were limited numbers of Native American tradeshow booths at the conference. While it was widely stated that there were approximately seven thousand people in attendance from many diverse backgrounds, Native American people and business, seemed underrepresented. Because of the limited number of Native American businesses present, questions about the applicability and appropriateness of supplier diversity for Native American businesses was foremost in my thoughts. Why are there not more Native American businesses present? Does supplier diversity work for Native American owned companies? Are there other procurement opportunities for Native American owned companies? If inclusive procurement initiatives are not working for Native American businesses, would Indigenous Australian owned companies have similar experiences, or not? I was fortunate enough to attend two further NMSDC tradeshows and conferences (in 2013 and 2014) and again observed limited attendance and participation of businesses owned by Native American people. This was the point of departure for my PhD topic. Fortunately, my PhD proposal was accepted in mid-2014. It focused inclusive procurement and the socioeconomic relationships formed between Indigenous businesses and their buyers, especially here in Australia.

This qualitative, action research project is couched with my personal, professional, entrepreneurial and academic experiences firmly in my heart and mind. This includes the notion that entrepreneurialism was adopted out of necessity rather than choice and it was intertwined with our culture and relationships with non-Indigenous Australians. My personal experiences to date include one of poverty, repressive policies of the state, labour intensive innovation, reciprocity, kinship, self-determination and resilience. The nature of my research is an inescapably part of who I am and what I value.