

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

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Doctor of Philosophy**

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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 research is supported by the Australian Government Research Training Program.

This document has not been submitted for qualifications at any other academic institution.

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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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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 golf 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.

Chapter 1: Introduction

Recent years have seen substantial increases in the quantity and quality of Indigenous-owned companies providing goods and services to LPOs in both Australia and the United States. In Australia, the Indigenous Australian business sector is growing at accelerated rates (Berry 2016; Collins et al 2014; Hunter 2018; NIAA 2019), with just over 11,000 Aboriginal and Torres Strait Islander firms listed in the *Supply Nation* national directory of verified Aboriginal and Torres Strait Islander businesses (Australian Bureau of Statistics 2016). In 2016-2017, the federal government purchased approximately \$594 million worth of products and services from these Indigenous businesses (NIAA 2019).

In the United States, it is estimated that the National Minority Supplier Development Council (NMSDC), which has twenty-three regional affiliate councils across the US, has about 12,000 certified minority owned and operated businesses, of which Native American companies make up about 4 per cent (NMSDC 2017). Other certified minority groups include Asian Pacific American [14%], Asian Indian American [17%], Hispanic American [31%] and Black Americans [34%]. In 2016-2017, these minority owned and operated businesses generated approximately US\$400 billion and employed over 2.25 million people (NMSDC 2017). Overall, the US Census Bureau (2016) estimates that in 2015, there were just over 29,000 Native American firms that employ approximately 206,000 people.

In this thesis I argue that this growth in Indigenous businesses is more a story of Indigenous entrepreneurship and resilience, with business acumen and skills developed over millennia in complex and productive Indigenous economies, than related to any mainstream initiated Indigenous business initiatives. This is because the mainstream institutions in the Australian and US economies are not fully aware of the unique characteristics or challenges faced by Indigenous businesses.

Indigenous businesses can be affected by factors and influences that are not a feature of, or readily apparent to, non-Indigenous businesses. These factors and influences include the role and influence of Indigenous value systems, self-determination, a survivalist mindset and Indigenous business owners' commitment to social objectives being realised through

uniquely Indigenous business models. Indigenous business also face a range of challenges which not are not a feature of, or readily apparent to, non-Indigenous businesses.

In this context, mainstream initiated Indigenous business initiatives such as supplier diversity programs have not realised their potential to encourage, support and guide the development of Indigenous businesses, and thus missed the opportunity to significantly contribute to the growth and sustainability of the Indigenous business sector. This thesis argues that in part this is because supply diversity can only work when relationships between Indigenous businesses and Large Purchasing Organisations (PLOs) when practices such as inclusive procurement approaches, underpinned by self-determination and positive duty principles are fully embraced. Indigenous run Intermediary organisations have played a vital role in supporting supply diversity programs and have worked hard to ensure commercial relationships between Indigenous suppliers and their large purchasing organisations (LPO) are culturally safe and relational rather than purely transactional. Nevertheless, this thesis argues that much more needs to be done on the part of LPOs before the promise of supply diversity-lead improvements to the Indigenous business operating environment can be achieved.

1.1 Research aim and questions

From an Indigenous standpoint, the main aim of this study is to understand the dynamics and intricacies of relationships between Indigenous-owned suppliers and the Large Purchasing Organisation (LPO) procurers of their goods and services. In particular, the research seeks to identify key factors that constrain, enable and underpin supplier diversity relationships. The study finds that the commitment of LPOs to supplier diversity is 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 as it relates to the case of Indigenous Australians. To address this dearth in the literature, the study examines the following research questions:

- What are the factors that shape the relationships between Indigenous businesses and their large purchasing organisation (LPOs) buyers?
- Do these factors constrain or enable supplier diversity relationships?
- To what extent do buyers understand inclusive procurement?

- Do supplier diversity initiatives help or hinder self-determination?

To answer these questions, the research examines the role of supplier diversity intermediaries in Indigenous Australian and Native American economies; compares relationships that Indigenous Australian and Native American businesses have with their buyers, focussing on how Indigenous Australian and Native American enterprises experience these supplier-buyer relationships; and seeks to understand the extent to which inclusive procurement has been realised. These areas of examination are placed in the wider cultural context of the unique features of Indigenous business models in order to determine whether more strategic approaches to buyer-supplier relationships can be informed by Indigenous value systems.

1.2 Supplier Diversity

Supplier diversity is a strategic business process aimed at connecting minority and Indigenous owned companies with major corporations and government agencies through inclusive procurement initiatives (Worthington, Boyal, & Shah 2008; Adobor & McMullen 2007). Incorporating Indigenous businesses into supply chains is fast emerging as an integral part of sustainable business strategy for many large purchasing organisations (LPOs) in Australia. The Federal Government's Indigenous Procurement Policy (IPP) and the associated targets have accelerated the growth of Indigenous businesses being awarded contracts (Berry 2016).

Supplier diversity initially emerged in The US out of the civil rights movements of the 1960s and 1970s and NMSDC has developed from that period (Chay 1998; Kotlowski 1998; Levinson 1980; NMSDC 2017; Shah & Ram 2006; Worthington et al. 2008). The NMSDC has been the template for a number of similar organisations globally including Supply Nation here in Australia. Supply Nation is part of a global network of sister councils which includes the NMSDC and minority business councils in Canada, United Kingdom, South Africa, and China. These intermediary organisations collaborate and communicate to share research and best practice and promote supplier diversity within their own countries. The international partnership of sister intermediary councils the various countries is known as the Global Supplier Diversity Alliance (Berry 2016; Supply Nation 2019).

The above-mentioned growth of the Indigenous business sector in recent years in both the US and Australia (NMSDC 2017; Berry 2016; Collins et al 2014; Hunter 2013; NIAA 2018), can be attributed partly, to an increasing commitment to supplier diversity amongst LPOs, the improved entrepreneurial expertise in Native American and Indigenous Australian communities, and greater innovation and quality of Indigenous-produced products and services. In addition, government policies have promoted the inclusion of Indigenous owned businesses in Australia and the US. An expected reverberation of inclusive procurement will be to create greater self-determination opportunities for Indigenous people. Hence, providing Indigenous businesses with the means through which they can become more economically independent and empowered. Equally, for the purchasing organisations, supply diversity is seen as a way of promoting greater cultural understanding and the adoption of reconciliation practices (Supply Nation 2016).

Despite growth in the size and economic importance of Indigenous businesses and the spread of supplier diversity programs across Australia and the US, little research has been conducted into the factors that constrain or enable supplier diversity relationships between Indigenous owned businesses and large purchasing organisations. This study attempts to fill this gap in the literature by identifying and comparatively examining the factors that shape commercial relationships that are couched in supplier diversity initiatives in Australian and the US. To contextualise this thesis, the comparative inquiry examines corporate and government inclusive procurement policies as they relate to the Indigenous business sector. Additionally, the comparative enquiry includes the in-depth analysis of 22 interviews that were conducted with Indigenous business owners across various industries. The interviews focused on key elements shaping relationships between LPOs and Indigenous business to help understand commercial transaction costs within these supplier - buyer relationships.

1.3 Transaction costs economics (TCE) theory

To achieve an understanding of transaction costs between Indigenous suppliers and LPO buyers, the study will analysis the phenomenon through the lens of transaction costs economic (TCE) theory (Williamson 1998, 2008). Although TCE could be considered as within the realms of constructive stakeholder theory, it shares many features with contemporary stakeholder management principles (Ketokivi and Mahoney 2016). In particular, the primary

objective of TCE is focused on efficient transactions that avoid effort and resource waste (Ketokivi and Mahoney 2016). TCE remains fixed on the complexity of the commercial exchange between suppliers and their buyers where the transaction is the unit of analysis. This study reaffirms TCEs assertion of reciprocity, which strengthens the commercial relationship (Williamson, 1983). TCE principally wants the business relationship to survive and thrive, as opposed to individually focussing on either the supplier or buyer. TCE is commonly associated with contracts, and decisions about internal production verses outsourcing.

With TCE underpinning their study, Dollinger and Daily (1989), compared commercial relationships between Minority Business Enterprises (MBEs) and the buyers of their goods and services with Small Medium Enterprises (SMEs) and the buyers of their goods and services. The present research builds on the work of Dollinger and Daily (1989) in that it provides new comparative evidence that may challenge or align with current TCE theoretic discourse, particularly around strategic commercial partnerships with Indigenous businesses. The study also extends TCE theory by including Indigenous business perspectives. When applied in the present study, TCE contributes to identifying key stakeholders in order to determine the constraints and enablers that underpin Indigenous supplier - buyer relationships.

1.4 Contribution

This study not only seeks to contribute to the scarcity of research in the field of Indigenous entrepreneurship and supplier diversity but also seeks to help realise practical objectives for the business sector.

This research provides evidence concerning the relationships between Indigenous suppliers and LPOs in the US and Australia. Additionally, while the outcomes of the research can potentially inform practical initiatives and policy direction, it gives the Indigenous business sector a voice. Furthermore, this research seeks to improve the way purchasing is conducted with Indigenous businesses; reduce transaction costs for Indigenous businesses and their customers; inform LPOs about Indigenous business practices when subscribing to inclusive procurement practices; guide the way in which authentic economic partnerships with Indigenous suppliers can be realised and; in an international context, compare Indigenous

Australian and Native American experiences of inclusive procurement to help formulate better practice models of commercial partnerships.

In short, the research findings could assist large purchasing organisations (LPO) develop nuanced strategic partnering approaches with Indigenous business which are more likely to deliver greater benefits for both parties. In so doing, the study's findings can add to the empirical evidence that demonstrates how economic partnerships can be balanced and culturally safe for Indigenous entrepreneurs while reducing transaction costs in the commercial exchange for both suppliers and buyers.

1.5 Thesis structure

This chapter, the Introduction, gives an overview of the study, including the rationale for the research, research objectives, research questions, analytical framework, methodology, main contributions and thesis structure. Chapter 2 details the theoretical framework that is being applied for this study. It provides an overview of Indigenous Standpoint Theory and Transaction cost economic (TCE) theory and how they are applied to answer the overarching research question. The overview traces TCE from origins and development to the narrowed specific aspects of the theory that are relevant to the problem of this study and how it is applied to a previous study. The chapter then presents the Indigenous perspectives of the study. Chapter 3, the Literature Review, first critiques relevant literature on general characteristics of supply diversity and Indigenous business, including definitions, goals and types. The literature review also examines literature on the concepts of self-determination and Indigenous entrepreneurship, differences between Indigenous and non-Indigenous businesses, growth of the Indigenous business sector, supplier diversity, humanising inclusive procurement, cultural safety and the commercial relationship, supplier diversity impediments, supplier diversity and the literature gap, importance and contribution of the research, and, transaction costs economics.

Chapter 4 conceptualises supplier diversity by discussing how it emerged in both the US and Australia in order to provide deeper understanding of the past and the tensions that existed which gave rise to social action and the civil rights movements in Australia and the US during the 1960s and 1970s and how this experience has informed current understandings of Indigenous self-determination, autonomy and empowerment and inclusive procurement.

Furthermore, the chapter discusses policy and explains the growth of the Indigenous business sector in both the US and Australia. Chapter 5 describes the methodology and data collection strategies which includes a discussion on fieldwork ethics, methodological background, and a description of the qualitative approach to the two cases under study, as well as how purposive sampling, research tools and data treatment were conducted. It also examines methodology from an Indigenised perspective. Chapter 6 presents the findings generated from examining the research question in the context of the North American results. The chapter includes a description of respondent key characteristics. It then explores the North American respondents reported views on key topics such as self-determination and the economic imperative and their experience of running Native American businesses, and what they perceive to be impediments to successful commercial relationships with LPOs. Chapter 7 presents the findings of in-depth interview with Indigenous Australian business owners. It discusses respondent's views with regards to self-determination and the economic imperative and Indigenous Australian business owners' experiences with LPOs, and their views on enablers and or impediments to building successful commercial relationships with LPOs. Chapter 8 compares the North American and Australian cases. Sections of this chapter include comparisons of business experiences as a minority and a comparison of their respective views on enablers and or impediments to building successful commercial relationships with LPOs.

Chapter 8 provides a comparative analysis between Native American businesses and Indigenous Australian cases by examining the results and findings in both countries. When compared, the results indicate that Native American and Indigenous Australian businesses have both similarities and differences in terms of their commercial relationships and describes how the findings fit within the literature. Chapter 9 discusses the influence and adaptation of Indigenous Sandpoint Theory and TCE theory and underline how both theories are applied. Secondly, it summarises the literature review then highlights the importance of this study. The chapter provides an explanation of the comparative results in the same sequence as the comparative chapter. The chapter concludes with a look at limitations, implications and research opportunities for the future. Chapter 10 is the conclusion which will summarise and bring together the main areas covered in this study and make final comments about the study this research.

1.6 Issues beyond the scope of this study

While related to this study, further research could include investigate, for example, whether Indigenous businesses have affected levels of Indigenous employment, particularly since the introduction of the Federal Government's Indigenous Procurement Policy. Or examine the social capital outcomes for Indigenous people and communities as a result of the growth of Indigenous businesses. Or how the growth of Indigenous entrepreneurialism is reflected levels of Indigenous social entrepreneurship. While these are significant matters in Indigenous communities and Indigenous academic discourse (Pearson and Helms 2013; Haugh 2006; Sengupta et al 2015), they are not the focus of the present study.

Chapter 2: Theoretical framework

Transaction Cost Economic (TCE) Theory (Williamson 1985; 1998; 2008 and 2009) is applied to this study to explain Indigenous business relationships with their corporate and government buyers. The choice of TCE theory to frame the present study derived from the appropriateness of its concepts to address the research question in that the Indigenous business sector functions within the broader economy, and its explanatory power of commercial relationships in microeconomic contexts.

Guiding the explanation of this phenomenon from an Indigenous perspective, is Indigenous Standpoint Theory (Foley, 2003; Moreton-Robinson, 2013; Nakata, 1998 and 2007a). Both TCE and Indigenous Standpoint Theories will help explain the meaning, characteristics, and challenges associated with commercial relationships that are often experienced by Indigenous businesses. The resultant knowledge and understanding can be used to act in a more conversant and effective way in business practice. Both TCE theory and Indigenous Standpoint Theory (IST) are examined below.

Although not theoretically central, the research also draws on the insights of Organisational Theory (Jaques, 1951; 1961; 1990; 2002; 2017) and Management Theory (Drucker, 1954; 1979; 1985; 1994; 1995 and 1996) to couch the research in an organisational management context. This cross-disciplinary approach frames the theoretical understandings of Indigenous businesses, in that, it helps present an Indigenous cultural perspective of organisational management through the study of transaction cost economics. This theoretical framework will facilitate the clarification and understanding of how Indigenous business relationships, from an Indigenous perspective, can be improved and better implemented as practical programs, such as supplier diversity. That is, the purpose of this theoretical framework is to provide the means to guide and inform the present study so that it can, subsequently, direct future research efforts and improve professional practice. Supplier diversity is examined in a more detail in Chapter Three.

The central research question of this study is: What are the similarities and differences of Indigenous Australian and Native American businesses' commercial relationships with their corporate and government buyers?

To frame a response to this question, this chapter first presents an evolutionary overview of the development of TCE theory, highlighting relevant theorists and specific aspects of their work that applies to the present thesis. Second, the chapter presents an explanation of Indigenous Standpoint Theory (IST) and how it is pertinent to this study. Third, a discussion of the empirical work of Dollinger and Daily (1989) and their application of TCE theory to an examination of the experiences of minority owned businesses in the US is examined. The final section of this theoretical chapter details how TCE theory can be applied in ways that contextualise Indigenous and Native American business relationships.

2.1 Transaction Cost Economic (TCE) Theory

Oliver Williamson, a Nobel Prize winning academic for his academic contributions to economic governance and the boundaries of the firm, shared it with Elinor Ostrom. Both are credited for the development and advancement of TCE theory (BerkleyHass 2019). The previous work of Ronald Coase (1937), another Nobel Prize winning academic in the Economic Sciences; Herbert Simon (1957); James March and Herbert Simon (1958), both social psychologists and; James Thompson (1967) better known for his studies of organisations, all informed and influenced the contemporary work of Williamson (1975; 1985; 1986; 1998; 2008 and 2009), which allowed him to build and extend TCE theory.

2.1.1 Ronald Coase and the Nature of the Firm

Much of Oliver Williamsons' work in developing and advancing TCE is influenced by the work of Ronald Coase (Williamson 1986; 1975). Coase first developed his TCE thesis in 'The Nature of the Firm' (1937), when he questioned the assumption in neo-classical economics that economic agents in the market are fully informed about price, quality and potential consumption, and that only transportation and production costs were considered. Coase (1937) challenged this assumption of economic organisation by presenting a real-world view that a firms' information is limited, and that many costs exist within market transactions. Coase (1937) argued that a more realistic view of complex commercial relationships, particularly during the processes of negotiations, price determination or organising suitable commercial partners, needs to be reflected in economic theory. He argues that many companies emerge to deal with various types of transaction costs. In developing this theory about this type of industrial organisation or institutions of governance, TCE helped Coase

(1937) explain that companies relational events have production benefits, such as building experience and learning while acting as an inclusive network, as opposed to operating autonomously and incurring a variety of repetitive transaction costs.

During the time he documented his challenges to the academy, economic theory was progressing towards individual firms, as opposed to focusing on industries. Coase (1937) posits there was a gap in literature about transaction costs. He advanced that theory, up until then, omitted the analysis of the foundations on which economic theory was established and that there was no real-world definition of what constituted a 'firm'. He points out that economists at that time understood the economic system as being coordinated autonomously by price mechanisms and that resources are allocated accordingly. Coase (1937) held that this was an incomplete articulation of the economic system because it failed to factor in the costs of production and the costs of the economic planning and coordinating about how goods are produced.

This planning includes considerations about factors outside the firm, for example, price variances that impact production, and inside the firm, that is, costs of internal production. Essentially, these processes can lead to a 'make or buy' dilemma, also described by Coase (1937) as, considerations around vertical integration. Coase (1937) asserts that these costs occur independently of the price mechanism and can vary from firms to firm and across industries depending on their circumstances. While these transaction costs are related to the price mechanism, Coase (1937) wanted to understand and articulate the exact nature of that relationship and [successfully] desired to include transaction costs in economic theory.

Other features of TCE that Coase (1937) discusses are production and performance uncertainty regarding forecasting. These features raise questions about who is responsible, in terms of what to do and how to do it. To respond to this issue, Coase (1937) discusses contracts and proposes that contracts are incomplete because of unforeseen contingencies. The notion of forecasting and decision-making about those forecasts, gives the sense that economic agents do not possess full knowledge of the market or of those under their employ. Simons (1957) extends on the decision-making aspects of economic agents.

2.1.2 Herbert Simon and the Models of Man

Simon's (1957) pioneering work, 'Models of Man: Social and Rational' primarily described decision-making processes within economic organisations that human rationality regarding decision-making, was bounded due to external constraints and internal, thought limitations. Hence, he is generally acknowledged to be the father of the term bounded rationality. His other published works include *Administrative Behaviour* (1947), *Fundamental Research in Administration* (1953), *Organisation* (1958) with James March and *Human Problem Solving* (1972). He made important academic contributions in the study of economics, administrative theory and organisational theory amongst others theoretical fields. Of importance to Oliver Williamson, was that Simons' theories of bounded rationality considered rational and non-rational aspects of human behaviour, observing there are limitations in the rational decision-making process. Williamson (1979) made functional this theory when discussing TCE, particularly the contractual decision-making processes of economic agents and their approach to formal commercial relationships between suppliers and buyers.

Put simply, Simons (1957) theory of bounded rationality emphasises that while there may be perfect solutions to solve problems facing organisations, individual agents are not able to manage the necessary reasoning to reach those solutions because of their limited computational capacities. *Models of Man: Social and Rational* (Simons 1957) directly confronts the economic man model, where "this man is assumed to have knowledge of the relevant aspects of his environment which, if not absolutely complete, is at least impressively clear and voluminous. He is assumed also to have a well-organized and stable system of preferences, and a skill in computation that enables him to calculate, for the alternative courses of action that are available to him, which of these will permit him to reach the highest attainable point on his preference scale" (Simons 1955, pg. 99).

2.1.3 March and Simons on Organisations

From a Social Psychologists perspective, March and Simon (1958) examined, amongst other organisational phenomenon, the impact an organisational environment has on administrative individuals and how they rationally respond to those influences through a decision-making process. In their behavioural decision analysis they firstly, observe the decision-making characteristics of that impact and the resultant organisational programs that emerge. They then analysis organisational identity and the implications of the decision-making process on

the division of labour. Then finally, they consider how decision-making can influence organisational structures. Of interest to Oliver Williamson and the present research, is March and Simons (1958) theoretical work about decision-making and bounded rationality. These theories have implications in the commercial relationships between Indigenous businesses and their corporate and government buyers.

To understand the decision-making characteristics of *rational man* in the organisational context, March and Simon (1958) present classic theory as offering rational man having optional choices that can be made in a decidedly measured organisational environment. These choices have defined alternatives, but classic theory does not describe how those alternatives are reached. Classic organisational research suggests that these alternatives have three possible theoretical consequences, certainty, risk and uncertainty. The consequences are then prioritised and selected by the decision-maker. When there is certainty - which assumes comprehensive understanding of consequences of each alternative - the rational choice of alternative and the related consequences, is clear-cut and unequivocal. When risk is involved – which assumes that one considers both the probability of a risk event occurring and the consequences and alternatives if it does - rationality is defined as choosing an average alternative that yields greatest value. While for uncertainty, where rationality is more problematic, classic theory argues that the best of the worst consequences that follow each alternative would be selected, although the decision-maker cannot allocate probabilities, with any certainty, to an event of particular consequences.

March and Simon (1958) had reservations about classic theory in that an astute approach to rationality would not agree with notions put forth around risk and uncertainty. Classic theory rational man assume alternative choices are a 'given' and that all consequences and alternatives are known and that rational man can deal with all possible sets of consequences. March and Simon (1958) posit that, classic economic theory neglected to specify the *subjective* and *objective* characteristics of rationality. In an organisational context subjective rationality takes into account a decision-makers environment and their personal circumstances that influence decisions around what consequences will be anticipated, what alternatives will be considered and what will be disregarded which is in contrast to objective rationality. Objective rationality assumes alternatives, consequences and utilities already independently exist and March and Simon questioned why choices under risk and uncertainty

occur in the classic model of rationality at all. The theory of rational choice put forth by March and Simon (1958) hold two underlying features. Firstly, choice of the decision-maker always has a clear situational definition and secondly, this definition is not a 'given' but are a result of the decision-makers environment and psychosocial processes. Of interest to Oliver Williamson was the human elements or individual psychosocial processes of decision-making, the concepts of bounded rationality and, the complex nature of organisations and their applicability in the development of his TCE theory.

2.1.4 Thompson and his Organisations in Action

Theoretical concepts of Thompsons' (1967) work was later articulated by Oliver Williamson (1981, 1986, 1998, 2002 and 2008) and included in the development TCE theory. Some of those conceptions included organisational complexity, uncertainty, bounded rationality and resource dependency. In Thompsons' (1967), 'Organisations in action', he sought to bridge the academic disciplines of economics, sociology, political science and social psychology, to better understand the complexities of organisations as, he argues, organisations themselves are characteristically multidisciplinary. In doing so, he recognises that actions of organisations are consequential to those individuals within it, but focusses less on behaviour within organisations and more on organisational behaviour and organisational complexity.

In explaining complexity of organisations, Thompson (1967) argues that organisations are established to operate technologies that are unable to be made functional by individuals. Complex organisations have production expectations through these technologies. Complex organisations are expected to act reasonably and rationally, albeit these actions may be limited. The limitations, in part, help identify the boundaries of complex organisations and enhances understanding of organisational design. Complex organisations are comprised of numerous, diverse, simultaneously interdependent parts through which they use technological and environmental activities to achieve goals. This interdependence varies widely from organisation to organisation and there is no single structure that can define complex organisations. Complex organisations are regularly changing and adapting to environmental, technical, political and social circumstances in attempting to align with new and developing innovations. Because of these complexities, Thompson (1967) contends that organisations are fundamentally challenged by uncertainty when making decision-making processes are needed. Uncertainties emerge both internally and externally. Internally,

sources of organisational uncertainty at times, arises because of the obstinate nature of their interdependent parts. Externally, uncertainty stems from the lack of understanding about divisional actions and their implementation. Furthermore, the lack of understanding about organisational culture, that is, organisational norms, ideas, customs, and behaviours also contribute to complex organisational uncertainty. Thompson (1967) provides an example of uncertainty by describing a disaster recovery effort of an organisation that is not very systematic and efforts are isolated and disordered. When under-resourced interdependent components are deployed, in this example, they do so without full understanding or knowledge of, the imminent risks or each other's operations.

Thompson (1967) holds that under these conditions, organisational structure and the nature of uncertainty, units are mobilising in the context of bounded rationality. Thompson (1967) broadens the bounded rationality theory work of March and Simon (1958) in that he advances that as a consequence of organisational structure, such as that mentioned in the above example, bounded rationality is the result. Uncertainty and bounded rationality manifest from lack of knowledge between the interdependent parts of the complex organisational structures. Thompson (1967) adds that organisations do not function unilaterally, they have external, interdependent relationships with other complex organisations. Complexities leading to uncertainty and bounded rationality can occur in these external relationships as well, particularly when one organisation is dependent on another's resources to achieve their goals.

Thompson's (1967) work recognizes the level of resource dependency is weighted by the proportion of essentiality of those needs. Put simply, how much does one organisation need, and depend on, the resources of another organisation? Remembering that complex organisations are regularly changing and adapting, so to do their external relationships and the needs horizon attributed to those relationships. Furthermore, Thompson (1967) points out, that resource dependency is a façade for the use of power, although at times, the interdependence on resources can empower both parties, joint ventures for example. Joint venture or coalitions may, as a result of their interdependence, jointly increase their net power. To demonstrate resource dependency, he provides a straightforward example of a hospital being dependant on doctors (GPs) who refer patients (clients) to them. In this case, he maintains that GPs have the power because the hospital is more dependent on GPs, as GPs

control the number of clients [or resources the hospital needs]. If the hospital, GPs and clients were geographically isolated, GPs become more dependent on the hospital to whom they refer clients. The hospital is the only one available [or may be superior to others], so in this scenario, the hospital hold the power as the GP is more dependent on the hospital to treat their clients.

The theoretical propositions put forward by Thompson (1967), in his study of organisational behaviour deepened the understanding of organisational complexities, internal and external uncertainty, the nature of bounded rationality that stems from uncertainty and resource dependency which implicates power as an obverse. These contributions highlight their importance and influences TCE theory as articulated later by Oliver Williamson.

2.1.4 Oliver Williamson and TCE

In 2010, Williamson authored the article, 'Transaction Cost Economics: The Origins', where which he recalled his attention to TCE and the development of its theory. Amongst other topics in this paper, he underlines key events that took place during the 1960s that led him to write 'The Vertical Integration of Production' in 1971. He describes his 1971 paper as placing the wedge between TCE theory as it was then, and how it was developed and endured in contemporary academic discourse. Williamson (2010) details that while at the Graduate School of Business at Carnegie completing his PhD, he participated in classes instructed by James March on Organisational Theory and Herbert Simon on Mathematical Social Science influenced his academic development which goes some way to explaining his loyalty to various parts of their body of academic work.

Williamson's (1971) research on vertical integration acquisitions and mergers, theoretically questioned organisations concerning attainment of other entities into their supply chain if, as theoretically believed at that time, the costs of operating in the market was zero. During this period, vertical integration was an irregularity in policy and value theory. He suspected, then argued, that technological interdependence ignored coordination processes of integration, hence, the case for further costs savings and improved value, was being overlooked. He maintained the coordinating processes of a potential commercial relationship, transcended the market, citing the previous work of Coase (1937) as a key contributor on which his suspicions were held. This transaction costs dilemma is more prevalent when a decision to

buy (approach the market) or make (internal organisation), emerges during times of change and adaption. He further detailed other contributions to TCE including the capacity of organisations to control information and how this control or use of power, contributed to bounded rationality which could lead to opportunistic behaviour. Furthermore, he highlighted that complexity, market uncertainty and small numbers could lead to market failures. Failure, in this sense, means that organisations opt to internalise when market exchange options dissolve.

From 1971, Williamson went on to build TCE theory over 50 years. TCE theory is now applied across industries, it is multidisciplinary (Williamson 1993; 2005; 2008 and 2010) and can be applied in an international context (Williamson and Henisz 1999). TCE theory crosses the academic boundaries of history, economics, law, sociology, politics and psychology (Bowles and Gintis 1993). Hence its applicability for the present study of commercial relationships between Indigenous suppliers and their corporate and government buyers from an Indigenous perspective. TCE theory was also the applied to research by Dollinger and Daily (1989) on minority-owned businesses and their relationships in the United States.

2.2 TCE and the Dollinger and Daily (1998) Study

TCE provided Dollinger and Daily (1989) with the theoretical and methodological insight that shaped their investigation into commercial relationships of minority owned businesses in the US. Minority owned businesses are those businesses that are at least 51 percent owned, managed and controlled by American citizens who are of Asian, African American, Hispanic and Native American (NMSDC 2018) descent. TCE theory helped Dollinger and Daily (1989) examine impediments confronting Minority Business Enterprise (MBEs), Small and Medium sized Enterprises (SMEs) and Large Purchasing Organisations (LPOs) at that time. Dollinger and Daily (1989) goals in the study were to; determine the impediments within MBE purchasing programs; find out to what extent MBEs and LPO procurement personnel differed on these impediments; to what extent these impediments were a function of the size of the firm or the racial and cultural background of MBEs; determine which activities to overcome these impediments were preferred by MBEs and LPO personnel; examine MBE and LPO personnel preferences for criteria to measure success and failure of the supplier diversity

programs and; determine how important and how similarity of business values in the process of MBE purchasing.

Dollinger and Daily (1989) detailed that TCE enabled them to identify the sources of transactions, the state and consequences of those transactions and the costs associated with executing them. In their study, TCE would predict that MBE and LPO costs were high for both parties and that internal administration would be the most efficient way forward. However, with federal government regulations guiding procurement processes in the US around minority purchasing, vertical integration was not an alternative. This was due to the fact that in order to comply with these regulations, MBEs were required to remain autonomous and legitimately separate to meet the social objectives of the policy. This led to differences in transaction cost constraints experienced by MBEs and their LPOs buyers, and if the gaps between these differences were too great, the market failed. Dollinger and Daily (1989) set forth numerous solutions to overcome those impediments. Broadly, the TCE framework firstly entails that the study of organisations recognises the transaction is the basic unit of analysis and that minimising associated costs for that economic exchange, is central. Secondly, the TCE approach requires that alternate governance structures, both that of the supplier and that of the buyer, and transactional circumstances between them, are well-defined. And thirdly, the TCE approach allows for human nature and how these human assets are organised within governance structures (Williamson 1981).

2.2.1 Transaction Cost Economic Theory Impediment Variables

The human element mentioned here, speaks to what is known as bounded rationality and opportunism which was discussed earlier. The former referring to the limits of people's experiences and solving complex problems, for example if LPO personnel do not fully understand the Commonwealth Government's Indigenous Procurement Policy or Indigenous self-determination, they may be inclined to behave negatively or with self-interest when engaging with Indigenous enterprise.

The complexity of the situation overcomes their rationality and they simply do the best they can. Negative behaviour in this sense is referred to as opportunism. Dollinger and Daily (1989) discusses that if one, or all of the human and environmental factors are present, that is: small numbers, business uncertainty, bounded rationality and opportunism, then this would lead

to inefficient contracting arrangements and high transactions costs. Williamson's (1975) work posits that two supplementary factors that could capsize the supplier-buyer relationship through heightened transaction costs and they are: information impactedness and atmosphere.

Information impactedness is a derivative condition that arises mainly from uncertainty but is related to bounded rationality. It concerns decisions about communication and transparency, that is, who decides what parties share and what they do not. Information impactedness affects both sides of the supplier-buyer relationship.

Atmosphere refers to the attitudes that people have about doing business with each other. Although this attitude, in an economic context, should be separate from the transaction, human attitudes are a fact of life. The atmosphere variable is an important impediment variable for the present study as it enables the study to account for the social embeddedness of transactions that may be impacted by racial and cultural bias (Dollinger and Daily 1989). The personal and professional experiences and knowledge of the LPO personnel in the scenario above, may be misinformed about Indigenous / Native American businesses and provides a perception that all indigenous businesses have little or no capacity which would highlight racial and cultural biases (Williams 1998; 1999). The following example in Figure 1 provides a very basic scenario that demonstrates the interrelatedness of the impediment elements of TCE theory.

Figure 1 Scenario - Interrelatedness of Impediment Variables

Time is of essence and LPO personnel have to make multifaceted decisions (complexity) quickly about an unfamiliar Indigenous supplier (uncertainty), but because of the time constraints, the LPOs due diligence is inadequate (information impactedness) but, they make a decision anyway based on their own personal and professional experiences and knowledge (bounded rationality).

Time is of essence and LPO personnel have to make multifaceted decisions (complexity) quickly about an unfamiliar Indigenous supplier (uncertainty), but because of the time constraints, the LPOs due diligence is inadequate (information impactedness) but, they make a decision anyway based on their own personal and professional experiences and knowledge (bounded rationality).

In addition to bounded rationality, complexity, opportunism, small numbers, performance uncertainty, information impactedness and atmosphere, there are a set of impediment variables that are not in the transaction cost framework but are related to it. These are: value importance and value similarity.

Value importance and value similarity tap into the salience of organisational culture and explore to what extent individuals agree on value. Table 3 below lists the TCE impediment variables for the present study and briefly describes their characteristics as summarised from Oliver Williamson’s body of research on transaction costs economics (Dollinger and Daily 1989).

Figure 2: Transaction Cost Economic Theory Impediment Variables

Impediment Variable	Characteristics
Bounded rationality	Costs of using people’s experiences to formulate and solve complex and processing information
Complexity	Costs of dealing with complex rules, large bureaucracies, and inconsistent procedures
Opportunism	Costs associated with opportunistic, unethical or illegal behaviour [ad-hoc]
Small numbers	Costs of dealing with a limited number of businesses
Performance uncertainty	Costs of maintaining the firms’ prospects for performance and survival e.g. slipped delivery timetables, poor quality assemblies
Information impactedness	Costs of obtaining information that one side to a negotiation has available but the other does not
Atmosphere	The personal costs of doing business in a hostile, unfriendly behaviour or discriminative
Resource dependence	The extent to which one party in a contractual negotiation depends on the contract for vital resources. This is a measure of power.
Value importance	The degree of value sharing
Value similarity	The level of value importance

2.2.2 The Indigenous voice

While the number of Native American owned businesses in the Dollinger and Daily (1989) study was extremely limited, this research provides a useful example of a qualitative framework, theoretical perception and enquiry tools for the present thesis and forms the foundation on which it is constructed. An assumption made here is that when compared with LPO personnel, Indigenous businesses have different experiences because they are uniquely positioned. However, given the unique colonising histories and cultural values of Indigenous businesses in both Australia and the US, it is expected that a comparative analysis, within the theoretical framework of TCE, may highlight some shared experiences. From an Indigenous standpoint, a comparative analysis of Indigenous Australian and Native American businesses may point the way to identifying ways to reduce transaction costs and assist in the implementation of culturally safe procurement practices (Ramsden 2011). In this thesis, culturally safe practices is understood to be practices based on Indigenous ways of knowing, and an appreciation that Indigenous knowledges of ways of doing business are just as valid as the business practices of non-Indigenous business owners.

2.3 Indigenous Standpoint Theory

The epistemological perspectives underpinning the TCE theoretical approach is Indigenous Standpoint Theory (IST) (Foley 2003; Nakata 2007). IST provides the important understandings of being an Indigenous researcher and ensures that where new theoretical constructs emerge in the present study, they are consistent with Indigenous cultural perspectives. In Australia, Indigenous scholars have argued the value of IST in repositioning the cultural and knowledge foundations that inform research and knowledge production processes in Indigenous communities (Foley, 2003; Moreton-Robinson, 2013; Nakata, 1998 and 2007). IST borrows from feminist traditions and articulates one's own standpoint while recognising one's own identity and social position, all of which are implicated in one's scholarly practice (Nakata 2007). IST is the appropriate model to guide the present research in terms of methodological approaches, as it couches the TCE approach in Indigenous ways of knowing, being, doing (Nakata 2007). The methods deployed are also Indigenised, in that interview techniques were adopted within an IST framework (Foley, 2003; Moreton-Robinson, 2013; Nakata, 1998 and 2007).

This allowed for Indigenous communication that are based on a cultural values system. These systems of communication values narrative and storytelling which emerge when interviews are being conducted. Furthermore, the cultural value systems are influenced by cyclical processes of the Indigenous value systems such as reciprocity (Foley 2013). Williamson (1974; 1998) discusses reciprocity as an uncommon form of contracting that can have efficiency properties in that it assigns financial value to costs that are currently unknown or have complicated calculations – a form of price shadowing.

2.4 Application of the theory

In explaining the theoretical framework for this study, this chapter has detailed the evolution of TCE theory through discussion of the work of Oliver Williamson and his academic antecedents. It then discussed how TCE theory was applied in the work of Dollinger and Daily (1989) detailing the various impediment variables of TCE. It also specified how the Dollinger and Daily (1989) study has influenced the present work. Finally, it presented the epistemological perspectives that will underpin the study in terms of Indigenous knowledges and ways of knowing. The next section will discuss how the theories will be applied.

2.4.1 Indigenous Standpoint Theory

Firstly, as an Indigenous researcher, IST underpins the entire research process. IST it is a method of analysis, a process for making realised knowledge about Indigenous businesses understandable, as these knowledges and experiences are the lived realities of Indigenous people. The knowledges of these lived realities are not fashioned to seek ‘truth’ about Indigenous businesses and their relationships with the LPO buyers, but to improve the understandings of these businesses through that knowledge work (Nakata 2007). The first principle of IST accepts that Indigenous businesses are interconnected at the cultural boundaries with their non-Indigenous buyers and that they have complex relationships, not only with buyers but also with their broader Indigenous community. As an Indigenous researcher it is important to understand Indigenous social relations and where one fits in terms of being a part of the broader Indigenous business community.

Secondly, IST recognises the boundaries and potential of that position, as at times, the tensions between Indigenous and non-Indigenous business perspectives will emerge. This provides this researcher with the opportunity to assess my position in relation to those

tensions and to defend ones' position if need be. The third, interconnected principle is the notion that the Indigenous and non-Indigenous business perspective tensions, are physically experienced. This physical understanding can determine what will and will not be said about the cultural interface of the Indigenous and non-Indigenous business relationship (Nakata 2007). To include these physically experienced tensions would add to the depth and range of replies from respondent Indigenous businesses to make better arguments (Nakata 2007).

Hence, IST is the epistemological approach that underpins the way in which this researcher examines and explores Indigenous business relationships. It is this fundamental belief system that influenced the choice of TCE as a core element of the theoretical framework for this study.

2.4.1 TCE Theory

Williamson (1998) describes TCE as a product of New Institutional Economics (NIE), which is an interdisciplinary concept that moves beyond the production function theories of the firm into examining the organisational structure of the firm. In doing so, NIE extends the theories of economics while focussing on the underlying factors of economic activity. Through the joining of economics and social sciences, NIE allows the examination of the role of the firm in broadening or inhibiting economic development. Williamson (1998) presents that NIE analysis appear in two parts. The first concentrates on the institutional environment or *rules of the game* and the second on institutions of governance or the *play of the game*.

Both these concepts are contained in what Williamson (1998) identifies as the four levels of socio-economic analysis of the firm. "Level 1" of the game is about organisational culture and change. At this level change can be glacial as a result of constraints such as sanctions, prohibitions, traditional practises and performance protocols.

"Level 2" is about the institutional environment and concerns the *rules of the game*. Williamson (1998) cites Coase's 1960s work when discussing this level as being about institutional structures that are the result of politics, property rights, legal processes and the bureaucracy of the state. Williamson (1998) suggests the first thing in TCE to consider is *first order economising*, that is, the institutional environment and focusing on getting the rules of the game right. Level 2 is about the formal guidelines within institutional environments and provides theoretical significance for the present study.

“Level 3” is about the institutions of governance, that is, the *play of the game*. This level is about ensuring the governance of relationships are precise because TCE operates here. The third level is about contractual relationships and is where *second-order economizing* applies, that is, getting the governance structures, such as markets, joint ventures, businesses, agencies, correct. This level hereto provides the theoretical direction for the present study. Williamson (1998) describes the fourth level as the process of continuously changing markets and institutional adaptation to those changes. Level 4 is about outputs, resource allocation and ongoing analysis. It entails getting the peripheral conditions right which is about third-order economizing.

In applying first order economising concepts of NIE, which is the idea of getting rules of the game right, this study will examine the Indigenous business sector policy environment to discuss the context in which both Indigenous businesses and their LPO buyers operate. In the case of Indigenous Australian and Native American owned businesses, procurement rules have changed with various policy amendments enacted to bring about opportunities for Indigenous businesses and peoples. It is here that the notion of addressing disadvantage has the most purchase as it goes to the policy intent of the governments. Second order economising in TCE is about getting the governance of relationships right. This explains how well the intent of Indigenous procurement policy has been realised for both Indigenous businesses and their LPO buyers. That is, how well do policies about purchasing from Indigenous Australian and Native American business occur in practice. In getting the rules [first order economising] and relationships [second order economising] right between Indigenous businesses and their LPO buyers, is the analytical application of TCE theory in the present thesis, it is where TCE from an Indigenous standpoint has considerable purchase.

In ensuring the relationships regime is right between Indigenous businesses and their LPO buyers, the focus then shifts to contracting and Williamson (2008) posits that the governance of contracting is also critical to TCE theory. Williamson (2008) posits there are several variations of contracting governance – *hierarchy*, which is internal organisation [where the logic is power], *market* [where the logic is competition] or *hybrid* [where the logics are networks and continuity]. Williamson (2008) argues that hybrid forms of contracting governance can be muscular, benign or credible. Muscular involves using up suppliers and implicates lowest price, it is where power is significant. However, it is inefficient because in

various circumstance, suppliers carry the risk and inefficiencies emerge. Benign form of contract governance is when the literal terms of the contract are applied, which is also inefficient because here, trust replaces power. When trust is broken the contract terms cannot be indeterminately reflexive. The credible approach involves cooperation, adaption, negotiation, working together and is the only one which is efficient because it understands the incompleteness of contracting. Hence, governance of the credible approach is reflexive, empathetic and has sensible foresight. Again, Williamson's (2008) notions of the governance of contracting provides the present study with a theoretical framework to understand, and examine, how contracting is conducted between Indigenous businesses and their LPO buyers.

2.5 Chapter summary

This study argues that inclusive procurement, while well-intentioned, can create numerous challenges in commercial relationships between Indigenous suppliers and the buyers of their goods and services. This chapter has provided a theoretical framework to inform this investigation into the nature Australian Indigenous and Native North American owned business' relationship with their large corporate and government buyers. This chapter firstly presented how TCE theory evolved and was developed by relevant theorists, particularly the work of Williamson. It then provided an overview of the study by Dollinger and Daily (1989) and the TCE variables that they identified in their research. Following this, Indigenous Standpoint Theory (IST) was discussed. The final section of the theoretical framework detailed how TCE theory and IST can be applied by replicating the work of Dollinger and Daily (1989) to contextualise Indigenous/Native American business relationships.

As an Indigenous researcher, I appreciate the theoretical synergies between Martin Nakata's academic contribution in IST, Oliver Williamson's work on TCE theory and the empirical approaches by Marc Dollinger and Catherine Daily in their work on minority businesses in the US.

Chapter 3: Literature Review

3.1 Introduction

To situate the present study in the context of previous research on the topics of Indigenous economies and socioeconomics, and to identify gaps in current understanding of relational factors that underpin the commercial arrangements between Indigenous businesses and large purchasing organisations (LPOs), an extensive review of the existing literature was undertaken. The review is consistent with IST and TCE theory in that it examined published scholarly work, in relevant publications about Indigenous business sector, supplier diversity and their conceptual extensions with a focus on the transactions between Indigenous businesses and their customers. This literature review has several aims. Firstly, the review will demonstrate a knowledge gap about Indigenous Australian and Native American enterprise and relational factors within supplier diversity programs of corporate firms and government departments. Secondly, it will position this study in the context of previous Indigenous business research and create a research space for this academic contribution. Thirdly, it will allow the established theoretical framework and methodological focus to contribute to the broader study of Indigenous enterprise in Australia and the US. The literature review establishes that there are broader questions about commercial relationships between Indigenous suppliers and their LPOs buyers and their inclusive procurement initiatives that need further investigation. These investigations are beyond the scope of this study.

Emerging from this literature review was a) an understanding of why broader questions about commercial relationships between Indigenous enterprise, LPOs and implications of supplier diversity programs have been asked, particularly around Indigenous empowerment and self-determination; and b) a principal framework for supplier diversity programs that could be adopted by LPOs. From a theoretical perspective, the review facilitated definition of concepts under investigation. These include self-determination and Indigenous entrepreneurship, supply chain management, corporate social responsibility, supplier diversity and transaction costs economics. Clearly defining these central concepts gave precision to the sourcing and artefact analysis, then later, confidence in exhibiting the reviews findings. One of the literature review finding's recounts how Indigenous entrepreneurship is understood to be closely related to Indigenous empowerment and self-determination.

3.2 Indigenous communities and cultural values

From an Indigenous perspective, historical periods of Australia's history, including dispossession, colonisation, invasion, protectionism, segregation, assimilation and self-determination, saw Indigenous peoples subjected to horrendous atrocities such as massacres, forced removal from land and kin, enforced prevention of cultural and ceremonial practices, deprivation from the use of their own languages and exclusion and/or marginalization from mainstream white Australian economies (Atkinson 2002; Behrendt 2009; Foley & O'Connor, 2013; Haebich, 2015; Keen and Lloyd, 2012; Norris 2010). The Royal Commission into Aboriginal Deaths in Custody (1992) provided evidence of how Indigenous people have been consistently denied the right to self-govern; the freedom to manage their own economies and families; to own land to farm; become merchants; enter or exit the labour market at will; receive social services benefits; live where they pleased; marry the person they chose; fraternise with people of their choice; speak to people of a certain colour skin; who they shared their house with; and to manage their own personal finances. The Commission further found if Indigenous people complained about this treatment, often they were often exiled hundreds of kilometres away or imprisoned for an unknown time. On the impact of denying control of personal finances Behrendt et al write:

The inter-generational impact of government policy in the realm of financial controls over Indigenous people is probably as great as the impact of the policies of Aboriginal child removal. Indeed, the control of Indigenous labour and its exploitation at times were directly connected to the removal of children-such as in the case of Indigenous child apprentices and domestic workers in New South Wales. (2009, pg. 39)

However, Indigenous Australians are extraordinary resilient and continue to contribute to the modern Australian economy while steadfastly holding both recognized and unrecognised connections and loyalties to traditional lore that pre-date dispossession and colonisation (Altman, 1996; Keen and Lloyd, 2012; Merritt, 2007; Vivian et al 2015). While these patterned connections and obligations may have been altered over time, they form part of a continued set of customary ideologies, social norms and belief practices that are incorporated in an Indigenous cultural values system (Bark et al 2015; Foley 2003; Nakata 2007).

The Indigenous value system is framed by an interrelationship between the physical, human and sacred worlds (Foley 2003). These relational value systems are based on, and can be understood through, kinship priorities which refers to morals around reciprocity, responsibility and care; equality, which refers to fairness, survivor mindset - which refers to individual and collective traits around strength, determination and resilience – and customary knowledge - which refers to land, genealogy, story and song lines, imagery, language, dance and food (Bark et al. 2015; Foley 2003; McIntyre-Tamwoy et al. 2013; Mika et al. 2017; Morrison et al. 2014; Pearce 2015). These value systems are linked with obligations, combining resources, synergised social relations, conformity, individuality, aptitude, innovation and continuousness and possibilities in all things - sustainability (Bark et al. 2015; Foley 2003; McIntyre-Tamwoy et al. 2013; Mika et al. 2017; Morrison et al. 2014; Pearce 2015).

There is an assumption that Indigenous communities have little history of operating complex economies and conducting trade (Altman 1996), leading to a broad (and inaccurate) assumption that Indigenous business and entrepreneurialism is culturally foreign to contemporary Indigenous people. On the contrary, it was these Indigenous value systems that inspired reassertion of the importance of Indigenous economies and impel the rise against the state through activism and resistance in a search for Indigenous autonomy and economic equality (Dutto 2016; Maddison 2009; Mercer 2009; Poirier 2010; Ryan 2013).

3.3 Indigenous entrepreneurship and Indigenous self-determination

The flawed assumption of virtually non-existent economies in Indigenous communities may have contributed to perceptions that Indigenous business ventures are high risk and, compared to non-indigenous businesses, more vulnerable to inefficiencies and failure (Altman 2001, Flamsteed & Golding 2005). This thesis will determine if these assumptions and negative attitudes (Collins et al 2017; Inside Policy 2016; Jacobs 2017) have influenced contemporary commercial arrangements between Indigenous businesses and LPOs.

As noted in Chapter 1, many of the entrepreneurial practices commonly carried by Indigenous people in the 1950, 1960s and early 1970s have relatively rarely practiced today (Dawn Magazine 1959; NSW National Parks and Wildlife Service 2003). Some of these entrepreneurial practices of Indigenous people at that time included selling fish, bait, rabbit

skins, woven baskets, comic books and romance novels to the public to earn enough money to provide not only for their immediate but also their extended families and community (NSW National Parks and Wildlife Service 2003). This practice is an example of the values system held by Indigenous Australians, particularly familial obligations and expectations of reciprocity. Through this period of change in business practices for local Indigenous people, these elements remained constant as they underpinned transactions with their customers.

Altman (2004 pg. 514) discusses these values as being central to the differences between Indigenous and non-Indigenous business because customary values systems of Indigenous people relate to individual and collective resources rights and ones' obligations to distribute those resources. These obligations and kinship priorities and responsibilities often highlight other values such as fairness and egalitarianism which in turn is related to individual and collective characteristics of Indigenous people and their businesses (Morrison et al 2004). Actively participating in these commercial ventures may well have provided those Indigenous people involved with a sense of self-determination or autonomy at a time when Aboriginal people in New South Wales were controlled by policies of the Aboriginal Welfare board and the Aborigines' Protection Board (NSW National Parks and Wildlife Service 2003).

The 1960s and 1970s was a time when the Black Power movement emerged in Australian city suburbs such as Redfern in Sydney, Fitzroy in Melbourne and South Brisbane (Foley 2001). The Indigenous movements had its own distinct interpretation of Indigenous advancement (Foley 2001). This grass-roots-bottom-up approach saw community members mobilized around fundamental objectives of self-determination (Behrendt, 2001; Mazel, 2016). Some of the underlying principles of self-determination for Indigenous people included the right to be involved in the political process, the right to be free from discrimination, the right to protect and preserve their culture, and the of Indigenous peoples to freely pursue their socioeconomic objectives (Mazel 2016). Paul Coe stated (cited in Attwood & Markus 1999) that, Aboriginal people needed "...to take control both of the economic, the political and cultural resources of the people and of the land...so that they themselves have got the power to determine their own future." There were many other Aboriginal people that shared these views including Gary Foley, Gary Williams (both Gumbaynggirr men) along with Billy Craigie, Charles Perkins, Sol Blair, Tony Coorie, John Newfong, Alana and Samantha Doolan, Lyn

Craigie and husband Peter Thompson, Bob and Kaye Bellear, Naomi Mayers, Gary Williams, Norma Williams, Pam Hunter, Isobel Coe, Chicka Dixon and others (as cited in Foley, 2001).

At the same time as the Indigenous social movements were emerging and gaining momentum, there was a shift in policy and political rhetoric that saw a retreat from the notion of Indigenous assimilation towards one of self-determination. While self-determination formed part of a new policy direction for Whitlam's Australian Government in the 1970s, the new policies did not necessarily reflect the views and ideas of Indigenous leaders about self-determination and Indigenous advancement espoused by Indigenous leaders at that time (Behrendt 2005). As part of the Barunga Statement presented to Prime Minister Hawke in 1988, Indigenous people again called for self-determination together with economic rights for Indigenous Australians (Behrendt 2001).

While the definition of self-determination continues to be contested, Mazel (2016) states that for Indigenous Australians it encompassed ideas of collective participation, cultural distinctiveness, self-governance [and], free choice and freedom from discrimination." The United Nations Declaration on the Rights of Indigenous Peoples (2007, pg. 4-5) Article 4, states that "Indigenous peoples, in exercising their right to self-determination, have the right to autonomy or self-government in matters relating to their internal and local affairs, as well as ways and means for financing their autonomous functions." Article 4 has been interpreted by the Australian Human Rights Commission (2010, pg.24) and describes self-determination for Indigenous Australians as being;

"...a process of choice to enable our groups to feel safe and meet our human needs. This means three key things: 1. We have choice in determining how our lives are governed and our development paths; 2. We participate in decisions that affect our lives; 3. We have control over our lives and future including our economic, social and cultural development; Exercising the right to self-determination means we have the 'freedom to live well and to live according to our values and beliefs"

In terms of social freedoms and realising self-determination now and into the future, Indigenous people must take control of support services in their communities while improving financial literacy and developing economies from an Indigenous perspective with Indigenous agency strategically central to this advance (Altman 1988; Levitus 2009). Agreeing, Behrendt

(2001) discusses the need for Indigenous people to move away from dependency on the state and suggests that through an innovative approach that links legal reform with Indigenous economic progress, disparities could be reduced. She examines two concepts, one of practical reconciliation and the other, an Indigenous rights framework that could achieve equitable legislative support to bring about progressive change. That is, in attempting to alleviate disparity in Indigenous communities, the practical reconciliation approach would see targeted state funding going to areas of need that are identified and prioritised by Indigenous communities (NSW Government 2015). The rights framework approach focusses on decolonising institutions internally and brings change to dominant organizations that endure with the practice of colonisation (Behrendt 2001).

However, current public policy and rhetoric regarding Indigenous Australian socioeconomic conditions is being debated, where the ideals of self-determination is being conveyed as losing political traction and is considered to be a source of Indigenous disparity (Altman 2009). Scambary (2009) suggests Indigenous Australian socioeconomic debate is transitioning away from assimilation and self-determination to an era of reconciliation and liberalism. The pursuit of practical reconciliation has increasingly become the predominant discourse in the current public arena, with self-determination being overwhelmed by economic liberalism (Scambary 2009). Noel Pearson, a high-profile Indigenous lawyer-academic and Warren Mundine, a nationally established Indigenous entrepreneur and strategist, both support the notion that Indigenous people should have greater access to Australia's market economy. It would enable Indigenous communities to develop capacity and outcomes that support them withdrawing from state dependence (Scambary 2009).

Although Collins (2014) posits that there may be a balance Indigenous self-determination and access to the mainstream market economy. He suggests that self-determination frames Indigenous entrepreneurship which enables access to the Australian mainstream economy, therefore increasing the prominence of Indigenous economic independence. He theorises that Indigenous entrepreneurialism influences Indigenous standards of living, economic development, creating employment opportunities and providing alternate pathways for Indigenous advancement (Collins 2014). Furthermore, Collins (2014) advances two critical arguments supporting Indigenous business development in Australia that provides an avenue to decrease dependency on the state. Firstly, the generation of employment by Indigenous

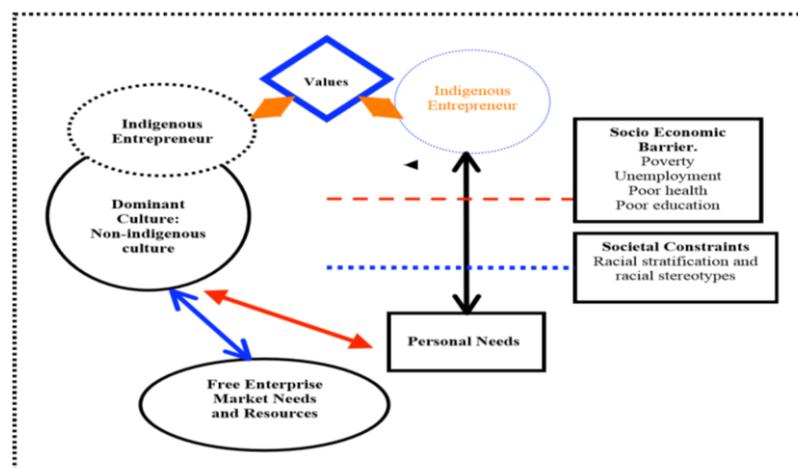
owned entities and secondly, by simultaneously adopting an Indigenous survivance mindset as a rejection of welfare dependency (Gladstone 2018).

Taken together, Indigenous value systems, aspiration of Indigenous self-determination, a survivance mindset and the fulfilment of social objectives, like creating employment empowers Indigenous communities to escape the dominating forces of poverty and to address expressed self-sufficiency needs of Indigenous communities. Recent public policy establishing intermediaries to address these needs through providing them the task to change some of these incorrect assumptions are organisations such as Supply Nation. Supply Nation works with Indigenous businesses and LPOs to grow the Indigenous business sector through inclusive procurement initiatives while understanding that Indigenous cultural value systems underpin current Indigenous business practice.

3.4 Models of Indigenous entrepreneurship

Dennis Foley (2004) and Noel Lindsay (2005) provide a thorough analysis of how an Indigenous entrepreneurship and their businesses differs from other businesses. In Figure 3 below demonstrates how these cultural values, social stratification and the dominant culture influence the decision-making processes of Indigenous entrepreneurs (Foley 2004). Figure 3 demonstrates how Indigenous entrepreneurs are unlike most non-Indigenous entrepreneurs and signifies that Indigenous value systems, which buoys Indigenous businesses, is the defining characteristic.

Figure 3: The Indigenous Entrepreneur Model



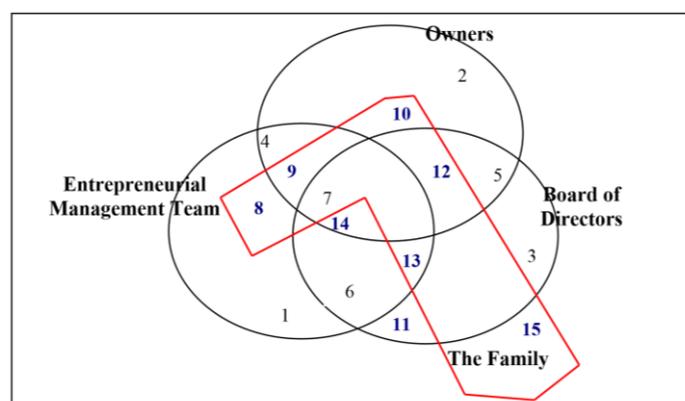
Source: Foley 2004

Figure 3 illustrates Indigenous socioeconomic and broader societal constraints by which Indigenous entrepreneurs are confronted. Moreover, it illustrates how the Indigenous entrepreneur, through a values system, must navigate social stratification and socioeconomic barriers to gain access to resources for personal needs and to the free market (Foley 2004).

In his study, Lindsay (2005) examines cultural dimensions and entrepreneurial attitude of Indigenous entrepreneurship. It demonstrated Indigenous businesses differ widely from non-Indigenous businesses in that they define success differently, pursue both economic and non-economic objectives, take cultural obligations - such as family and community - into account in their businesses, and are influenced by cultural value systems to a greater extent (Lindsay 2005). These perspectives are, to an extent, consistent with Foley's (2004) model, particularly around family obligations. However, the extent to which family and community dimensions are entrenched varies, although they are common and associated with cultural values of Indigenous businesses in both models (Lindsay 2005).

Measuring success was another dimension of Indigenous business explored in both models. The results demonstrated that economic objectives are less meaningful than non-commercial cultural values that underpin the economic objectives of the Indigenous entrepreneur (Lindsay 2005). While cultural values affect Indigenous entrepreneurial attitudes toward commercial feasibility, venture creation and development, they are important to Indigenous people as an effort to achieve self-determination and progress socioeconomic conditions (Lindsay 2005).

Figure 4: Non-Indigenous Family Business - Complex

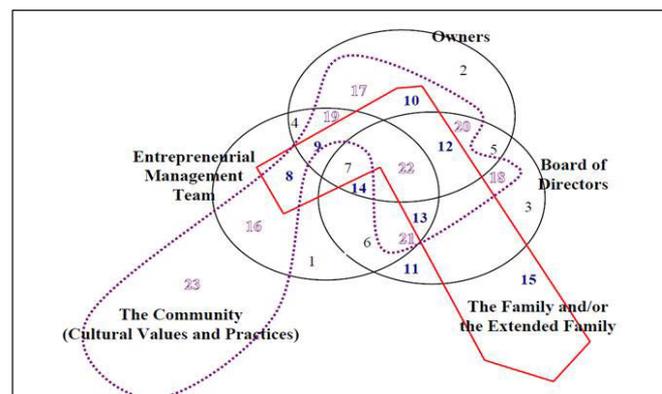


Source: Lindsay 2005

A comparison of the two models, demonstrates a willingness and tendency of Indigenous entrepreneurs to position themselves in a regime that is, in a sense, self-determining and possibly, community controlled (Lindsay 2005). Figure 4 above depicts a non-Indigenous family business with a Chief Executive Officer (CEO) in position 14. In this position, the CEO would manage relationships between owners, directors, staff and the family, potentially, managing 15 sets of roles (Lindsay 2005).

For an Indigenous business, as depicted in Figure 5 below, Lindsay (2005) overlays the presence of the extended family and community dimensions to the previous non-Indigenous family business. These realities for Indigenous businesses add to the number of relational intersects, making it more complex to manage. The CEO would be in position 22 potentially managing 22 sets of relational intersects in a harmonious manner between owners, directors, staff, immediate family, extended family and non-family Indigenous community. In both these scenarios, the CEO could be the business founder and co-owner and or a Managing Director.

Figure 5: Indigenous Business - Most Complex



Source: Lindsay 2005

Managing such relational complexity suggests that when comparing Indigenous and non-Indigenous entrepreneurs, non-Indigenous commercial constructs fail to adequately reflect the important cultural features and value systems that are likely to impact on associated attributes, characteristics and performance in Indigenous business (Foley 2004; Gladstone 2018; Hindle and Lansdowne 2005; Lee-Ross and Lashley 2008; Lindsay 2005). Indigenous business attributes and characteristics may include embracing a whole-of-Indigenous-economy perspective, their position on Indigenous self-determination and how the family, extended family and community, in some way, become involved in the progress of a [new]

commercial activity (Foley 2004; Hindle and Lansdowne 2005; Lee-Ross and Lashley 2008; Lindsay 2005). The constant of Indigenous value systems underpinning the varying attributes and characteristics of Indigenous businesses, suggest they are not homogeneous, by contrast they take many forms. Collins et al (2017) suggest that the heterogeneous nature of Indigenous business entities provide opportunities for such commercial enterprises as corporate partnerships with Indigenous communities, corporations and individuals; social enterprises, and co-operatives of which most are small-to medium-sized enterprises (SMEs).

Research has shown, that the primary reason Indigenous Australian SMEs were established was to provide education, training, and employment opportunities for their communities, highlighting that, Indigenous businesses in Australia have an intrinsic link with Indigenous value systems, particularly concerning reciprocity and obligations (Collins 2004; Foley 1999; Pearce 2015). Globally, Indigenous cultural value systems such as the importance of communality, as opposed to individuality and wealth acquisition, are central to Indigenous entrepreneurialism (Austin and Garnett 2018; Collins et al 2017; Hindle and Lansdowne 2005). Worth noting, is the Indigenous Australian business models and the importance of cultural value systems to their commercial activities are evident with other Indigenous groups internationally.

3.5 International Indigenous entrepreneurship

A central characteristic of Native American philosophy is relatedness, which is “a physical and metaphysical connection to everything temporal, spatial, and material” that leads to “a sense of purpose in everything – a science of wholeness” (Gladstone 2018 pg. 196). This aspect of Native American philosophy underpins a values system that includes humility, honour, reciprocity, familial obligations and collectivism, survivance - an active rejection of domination, deficit, disadvantage and victimry, and the belief humans are integrated into complex circular relationships that are inseparable from each other (Colbourne 2017; Gallagher and Selman 2015; Gladstone 2018; Hester and Cheney 2001; Stewart et al 2017). Hence, some Native American business attributes and characteristics are shaped by these value systems and deep-rooted historical and traditional factors such as language and customary territories (Colbourne 2017; Gallagher and Selman 2015). The formation, management and ongoing preservation of these businesses, that have socioeconomic

objectives and underpinned by Native American values system, holds the potential for empowering Native communities (Colbourne 2017).

When discussing entrepreneurial characteristics of Canadian Aboriginal people, Anderson (1997) highlights that economic development is framed by the notions of collectivism and self-determination to preserve and advance socioeconomic and cultural value systems. The actions that Canadian Aboriginal entrepreneurs take to achieve this are by owning, managing and controlling their own commercial activities, forming strategic alliances and by building capacity within the communities (Anderson 1997). When considering Aoretera (New Zealand) Indigenous peoples, the Māori, and their cultural value systems pertaining to commercial activity, there are similarities to that of Indigenous Australian, Native American and Canadian Aboriginal people.

Maori cultural value systems are linked to genealogy and stewardship through environmental preservation and protection, community participation and obligatory responsibilities (Beall and Brocklesby 2017). Commercial activity of the Māori has far reaching vision that is influenced by considerations of nature and society for the enhancement of future generations and overcoming intergenerational disparities (Beall and Brocklesby 2017). These inseparable aspects of Māori value systems and their businesses are similar to those considered in Indigenous Australian enterprise models. International similarities and how aspects of an Indigenous business paradigm outweighs the economic imperatives that non-Indigenous businesses pursuits is a common aspect. Another key aspect unpinning global Indigenous businesses is their contribution to self-determination. Taken together, Indigenous value systems, aspirations for Indigenous self-determination, a survivance mindset, the fulfilment of social objectives, like creating employment through the different business models of Indigenous entrepreneurship, may have contributed to boosting the number of Indigenous businesses that exist in Australia.

3.6 Supply diversity impediments

As mentioned previously, the focus of this study is to examine the relationships between Indigenous businesses and the buyers of their goods and services and to reduce the costs. This section examines how impediments that exist to these potential economic partnerships are situated in the literature around supplier diversity. Supplier diversity, for the purposes of

this study, is a broader agenda which might be enhanced through better understanding of commercial relationships between LPOs and Indigenous Australian and Native American businesses. It is noted that limited academic literature exists that clearly gives voice to Indigenous business about their experiences of these impediments. This thesis has explored the supplier-buyer relationship literature more broadly to determine the comparability of impediments to Indigenous businesses in Australia and Native American businesses in America.

3.6.1 Organisational culture

A significant impediment for small-medium sized suppliers is their ability and capacity limits their physical capability to deliver goods and services on demand, particularly when confronted with an uncooperative or obtrusive LPO (Dollinger and Daily 1989; Ram & Smallbone 2003). On the buyer-side of the relationship, counterproductive organisational cultures such as this, passive-defensive attitudes of procurement professionals that is risk adverse and rationalisation of the supply chain, obstructs LPOs from structuring and sustaining strong inclusive procurement initiatives (Loader 2005; Miller 1998; Walker and Preuss 2008; Whitfield & Landeros 2006).

In terms of inclusive procurement, relevant organisational culture pertains to LPOs leadership style or top management commitment, collective values of the organisation, and business philosophy that underpins the supplier-buyer relationships (Min, 2009). In an organisational culture that consents to LPO buyers protecting themselves, constantly seeking approvals and undertaking purchasing processes conservatively, supplier diversity initiatives will be very constrained (Whitfield & Landeros 2006). Downsizing to fewer suppliers, that is rationalisation, means fewer suppliers with larger contracts for LPOs. This restricts the smaller suppliers' ability to compete for tenders in the open market (Whitfield & Landeros 2006). Technological advancement in electronic production and ordering systems has also contributed to the rationalisation of the supply chain. Buyers have become more dependent on fewer suppliers that have the resources to invest in such systems while MBE supplier resources are limited (Adobor and McMullen 2007).

Of major interest for the present thesis is the impact of ethnic differences and its associated risks factors as an impediment within the Indigenous supplier – LPO buyer relationship.

Factors such as communication, objectives not corresponding, conflict possibilities and suboptimum levels of trust underpin the supplier-buyer relationship and are linked to ethnic differences (Richard et al 2015). Attempting to build commercial relationships with MBEs, particularly those owned by people from various ethnic backgrounds, and trying to address these risks, can influence transactions costs and impede short term returns for LPOs (Richard et al 2015). This may dissuade an LPO from pursuing certain suppliers or an inclusive procurement opportunity entirely, hence creating a hostile organisational culture. Conversely, an amicable LPO culture for inclusive procurement is one that encourages diversity through productive “interpersonal relations among people with diverse backgrounds and the accomplishment of individual and organizational goals” (Landeros 2006, p. 17). It is this type of organisational culture that allows management of inclusive procurement to embed particular initiatives across the organisation. To assist the enablement of inclusive procurement initiatives, they must be customised to align with not only the cultural and management philosophy of the LPO but also the business strategy (Min 2009). This would allow the holistic contribution of ideas, skills, and energies from throughout the organisation to ensure that practices, procedures and policies become routine and the program is successful (Miller 1998). The cultural context of the organization, or corporate culture, certainly has an influence on enabling or inhibiting trusted supplier diversity programs within LPOs (Whitfield & Landeros 2006). Indeed, at least in the public sector, culture has deterred the advance of inter-organizational collaborations and trust (Erridge & Greer 2002).

3.6.2 Trust

A substantial portion of the literature discusses trust as a key factor underpinning the supplier-buyer relationship, particularly at the time supplier diversity relationships are being established. Trusting commercial relationships contains the ability of a key stakeholder to assess partners’ reliability, predictability and fairness to ensure their own expectations about opportunistic behaviours are alleviated (Skarmas et al 2002; Tsai and Ghoshal 1998). During this early exploration phase of the relationship evolution, (Krause et al 1999) LPOs should locate and support MBEs, as it is essential for both the MBE and LPO to retain the essence of collaboration and consultation (Erridge and Greer 2002). This could assure the MBE that

collaborating with that LPO relationships are enduring, hence reducing transaction costs over time for both parties (Slater, Weigand & Zwirlein 2008).

These actor bonds are integral to understanding how business relationships and connections can help realize efficiencies of costs through demonstrable resource and information distribution (Ndinguri et al 2013). Mutual commitment to and appreciation of commercial contracts and various types of communication between parties are examples of how distribution can occur (Ndinguri et al 2013). There is interrelatedness between commitment and trust, where an increased level of trust heightens the level of commitment in the commercial relationship and vice-versa (Hausman 2001; Kumar et al., 1995; Skarmeas et al 2002; Theodorakopoulos 2012). That is the more partners trust each other, the more likely they are going to commit to the commercial relationship and the greater the commitment, the higher the trust levels.

Apart from reducing transactions costs, other benefits that can be realised by LPOs from building trusting relationships with minority suppliers include, gaining a deeper insight in the suppliers community, developing an ongoing source of cooperation and confidence while improving the reputational status within the communities in which LPOs operate (Carter and Jennings 2000; Worthington 2009). For example, LPOs can gain deeper insights into essential needs and expectations of customers and societies of the suppliers' communities. The LPOs can develop an ongoing source of cooperation and confidence within and beyond that community. This could propagate optimistic attitudes and further engagement opportunities from that community which could include consumers, clients, and employees, not-for-profit organisations, the citizenship and governments (Carter and Jennings 2000; Worthington 2009). A trusting, reciprocal, commitment based commercial relationship where dependency is moderated can help improve the business case for inclusive procurement initiatives (Lee and Choi 2014). This type of commercial relationship would see the power balance apportioned accordingly.

3.6.3 Power

The issues of power, which for the purposes of this thesis, is the perceived capability of a supplier or buyer to influence an organisations inclusive procurement processes, is another key theme that emerged from the literature relating to impediments of which suppliers are

confronted (Miller et al 2014). Power and power-based relationships are also raised in this thesis when discussing cultural safety as, the supplier – buyer relationship is interactions amongst unequal associates (Adobor and McMullen 2007). Inequity exists because the power of an organization is determined by the level of dependency it has on the resources of the other stakeholder in the relationship. The amount of resources available to a particular stakeholder in the commercial relationship constitutes the basis on which the level of power could be measured (Kähkönen et al 2014).

This has primarily been decided by the size of the supplier and or the LPO in the relationship, that is, the extent to which the relationship is controlled and how dependent one party is on the other to produce and enact a commercial agreement. This occasionally unbalanced, mutual dependence has a profound effect on the relationship if not stymied (Kähkönen et al 2014; Theodorakopoulos 2012), because using their power to command better performance, LPOs can leave small suppliers in an arduous situation (Saunders 1997; Theodorakopoulos 2012). It is clear from the literature that organisational culture, trust and commitment and power and dependency are intrinsic to the buyer-supplier relationship. These relational elements must be considered when designing and implementing a supplier diversity program in a culturally safe way with Indigenous businesses centrally located.

Chapter 4: Contextualising Supplier Diversity

This chapter contextualises supplier diversity in both the United States and Australia. It outlines the historical context of the supplier diversity to provide an understanding on how supplier diversity has grown over the last forty years, from its origins in the civil rights movements through to the policies and intermediaries in the current context. The theoretical framework in Chapter 2, which includes both TCE theory and IST, guides this conceptualisation for two important reasons. Firstly, it helps the understanding of supplier diversity from an Indigenous perspective (Nakata 2007) and secondly the TCE approach allows the examination of institutional environment or *rules of the game* and the institutions of governance or the *play of the game* (Williamson 1998).

4.1 Supplier diversity and the historical context

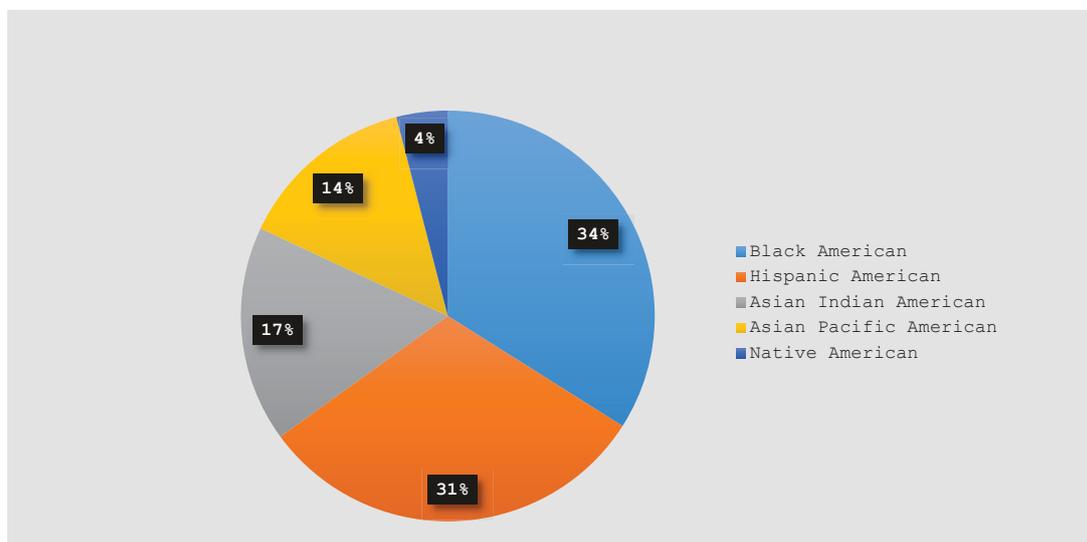
4.1.1 Background

Understanding how supplier diversity has emerged in both the US and Australia is relevant to this study as it means, from Indigenised research approach we circle back to acknowledge, observe and reflect on what has occurred in inclusive procurement in the not so distant past. This will help this stakeholder to generate theories of change, then actioning those changes, sooner rather than later (Burns 2007; Burns 2010). However, and consistent with an Indigenised research approach, this is not the end point, as academic reflection on inclusive procurement will inevitably happen again beyond this study. The present thesis is one element of a cyclical process of ongoing adoption and adaptation to advance the lives Indigenous people directly and indirectly impacted by how the Indigenous business sector navigates the non-Indigenous modern Australian economy (Burns 2014; Thomas 2013). Moreover, this cyclical approach of reconsideration is vital from an IST perspective for two reasons; the first it helps understand historic relationships and the tensions that existed. It was these tensions which gave rise to social action and the civil rights movements in Australia and the US during the 1960s and 1970s (Foley 1999; Foley 2011; Foley & Anderson 2006). As a result of this understanding, secondly, it will help generate concepts and theories of change for Indigenous self-determination, autonomy and empowerment in the modern Australian state around inclusive procurement.

4.1.2 Supplier diversity in the United States of America

Supplier diversity has origins that are traced to successive United States Federal Government initiatives during the 1960s and early 1970s and it was those formative times when civil rights movements across the continent and across the globe were occurring (Shah and Ram 2006, Farley 2008, Dávila & Mora 2013, Abramson, 2017). Today, the American intermediary, National Minority Supplier Development Councils' (NMSDC), as it is now known, has an economic impact through its certified Minority Business Enterprises (MBE) totalling well-over \$US400 billion dollars in output while creating and preserving more than 2.2 million jobs (NMSDC 2017).

Figure 6: National Minority Supplier Development Councils' (NMSDC) Minority Business Enterprises (MBE) Ethnicity



Source: National Minority Supplier Development Council Annual Report 2016, pg. 8

Figure 6 above indicates the percentage distributions of five MBE groups certified as a minority business with the NMSDC. As a focus of this thesis, it is worth highlighting that Native American businesses are approximately 4 per cent of the total number of Certified MBEs nationally. The next section is a detailed account of how supplier diversity was established in America and how it stems from activism and self-determination. This will help understand the context in which it was replicated and tailor for Indigenous Australian communities.

4.2 Civil rights and supplier diversity in the USA

The Civil Rights Act 1964, the Voting Rights Act 1965, the Fair Housing Act 1965 and a federal government Executive Order (EO), No. 11246 (EO11246) authorized by President Johnson in

1965, supports the proposition that the legislative birth place of supply diversity was the 1960s and is a result of the civil rights movements. The EO11246 prohibited federal contractors, federally assisted construction contractors and their subcontractors from discriminating in employment decisions against minority groups and to take affirmative action to ensure that equal opportunity is provided in all aspects of their employment (US Department of Labor, 2015). Another key instrument, it is proposed, that nurtured supplier diversity came two years later, in the form of President Lyndon Johnsons' eleven-member National Advisory Commission on Civil Disorders in July 1967. As Farley (2008) highlights, President Johnson directed the members of the commission to clarify the considerable number of violent demonstrations that plagued cities, such as Tampa and Newark, each summer since 1964. He asked three basic questions; what happened? Why did it happen? What can be done to prevent it from happening again?

Broadly, the Kerner Commission found that African Americas where frustrated with the lack of economic opportunity; state and federal government education, housing and other social services have failed and; that the main cause of violence was racism directed against African Americans by white Americans (Abramson 2017). Major recommendations from this report included large project that created employment and training, new housing and education, and an efforts to integrate communities (Herbers 1968). When President Nixon came into power in 1969, he signed off on Executive Order 11458 - Prescribing Arrangements for Developing and Coordinating a National Program for Minority Business Enterprise (EO11458). In his Statement about the National Program for Minority Business Enterprise Nixon said the order could nurture the socioeconomic status and pride of minority groups (Peters & Woolley 2017, para. 1). The federal government involved minority groups more fully in the private sector as priority it was a priority of the Nixon administration (Peters & Woolley 2017). This order led to the establishment of the Office of Minority Business Enterprise (OMBE) within the US Department of Commerce (Kotlowski 1998).

Several legal challenges by non-minority firms followed, and then in October 1971 President Nixon delivered Executive Order 11625 - Prescribing additional arrangements for developing and coordinating a national program for minority business (Levinson 1980; Peters and Woolley 2017). In 1973 the Office of Minority Business Enterprise established and funded the national network of business development organisations including the National Minority

Purchasing Council (NMPC). 1979 saw the Office of Minority Business Enterprise become the Minority Business Development Agency then in 1980 - National Minority Purchasing Council formally rebranded to what is now known as the National Minority Supplier Development Council (Dávila and Mora 2013; Graves 1980).

Supplier diversity initiatives were credited to three major Chicago firms, Standard Oil of Indiana, the National Can Corporation and Jewel Food Stores Inc. and the Chicago Association of Commerce and Industry, the Chicago Economic Development Corporation and the Chicago Urban League for collectively conceiving the idea. This would institutionalise minority inclusive procurement within the public sector which then allowed for the inaugural tradeshow for MBEs (Weathers, 1976). Individuals such as Philip Drotning, who was responsible for corporate social responsibility (CSR) and urban affairs during his time at Standard Oil of Indiana, was central to the small group of Chicago corporates and was vice-Chairperson of the National Minority Purchasing Council (NMPC) when it was formally established in 1972 (The Black Enterprise, 1976; Dávila and Mora, 2013). Supplier diversity initiatives always intended to support Native American owned businesses as MBEs since at least 1971 (Peters & Woolley, 2018). Currently, one motivating factor that encourages LPO in the American context is the spending power of minority groups in that country is exceeding \$1.2 trillion. This is expected to reach at least \$US4 trillion per annum by 2045 and LPO are particularly conscience of this in America when discussing supplier diversity (Greer, Maltbia and Scott 2006).

4.3 Supplier diversity in the Australian context

In the Australian context the sole focus of supplier diversity initiatives is about the engagement of Indigenous Australian business in the broader Australian economy with the view to provide employment outcomes in the Indigenous communities (Department of Prime Minister and Cabinet 2018). The evolution of supplier diversity began with the establishment of the Commonwealth Government's House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs inquiry into developing Indigenous enterprises in 2008 (Commonwealth of Australia 2008). At this Standing Committee, Mr Michael McLeod and his non-Indigenous business partner, Mr Dug Russell presented documents and discussed the Minority Business Development Agency (an agency within the US Department of

Commerce) and the National Minority Supplier Development Council model of supplier diversity engagement in the US (Commonwealth of Australia 2008, p. 117; Supply Nation 2015). During 2009 the Commonwealth Government announced it would invest \$AU3m to pilot a supplier diversity program, the Australian Indigenous Minority Supplier Council (AIMSC) over the preceding three years (Supply Nation 2017). In 2011 the Indigenous Opportunities Policy (IOP) initiative was launched which required LPOs supplying to the Australian Government to establish a commitment to Indigenous employment which included Indigenous businesses (Department of Employment 2015). In 2012, AIMSC completed its trial period and rebranded to what is now known as Supply Nation.

The state governments soon followed with various Indigenous procurement initiatives in NSW and Queensland. In NSW, government agencies were able to support Aboriginal businesses to grow Aboriginal employment and business sectors through a new NSW Government Policy on Aboriginal Participation in Construction (NSW Government 2013). NSW Aboriginal Affairs then released the Aboriginal Affairs Procurement Policy Statement to further support Aboriginal economic development (NSW Government 2013). Meanwhile in Queensland, the state government committed to Aboriginal and Torres Strait Islander procurement and employment opportunities through state government procurement processes by increasing Aboriginal and Torres Strait Islander economic participation in supply chain arrangements for Indigenous businesses (Queensland Government 2013). By 2015 the Federal Government released the Indigenous Procurement Policy (IPP) with a view to create more supplier opportunities for Indigenous businesses and create employment for Indigenous people (Supply Nation 2017). The IPP has a Federal Government's spend trajectory that increases from 0.5 per cent in 2015/2016 to 3 per cent of the by 2019/2020 through procuring goods and services from Indigenous businesses.

Prior to becoming a recognised supplier with Supply Nation, a potential Indigenous supplier must undergo a certification process. The majority equity definition of an Indigenous business is that a Certified Supplier must be an enterprise that is at least 51 per cent owned, managed & controlled [with trading evidence of \$50 000 income in last 12 months] (Supply Nation 2017). To be a Registered Supplier, an entity, which includes not-for-profits where their turnover is generated from providing goods or services, unincorporated joint ventures and alliances or consortiums, has to be at least 50% owned by Indigenous Australians (Supply

Nation 2017). In terms of confirming Indigeneity of the individual, there is an online process following verification by a recognised Indigenous organisation such as an Aboriginal and or Torres Strait Islander Legal Service or an Aboriginal and or Torres Strait Islander Medical Centre or Services. The contestability of what constitutes an Indigenous enterprise will continue and remains unresolved by this study although the definition is briefly deconstructed. Given the extent of Indigenous socioeconomics and cultural diversity and the expeditious growth of the Indigenous business sector in the current Australian state, a clearer definition of what constitutes an Indigenous business is an area that deserves further academic enquiry.

Supply Nation in Australia has its influences and associations with the American intermediaries NMSDC and MBDA. This relationship continues to exist and provides Indigenous Australian businesses networking opportunities in America to create economic partners (Supply Nation 2014). Following the Kerner Report in the US, supplier diversity was initially legislated to help address oppressive socioeconomic conditions such as poverty, crime, housing and employment of minority groups of mainly African Americans. For both minority suppliers and LPO buyers, supplier diversity has now transformed into a business essential that has numerous benefits for a LPOs, such as innovative new products, services, and solutions; numerous supplier networks from which to procure goods and services, stimulates competition between new and incumbent suppliers, demonstrates LPO commitment beyond the transactional and helps meet LPOs shifting demographics (CVM Solutions, 2018).

4.4 Growth and the procurement policy framework

It is maintained in this study that a major driver of substantial growth in the number and size of Indigenous owned business in Australia and America is the influence of policy initiatives that support supplier diversity. These policy platforms focus on inclusive procurement of public and private sectors, and how LPOs purchase goods and services from diverse minority owned business networks, including Indigenous suppliers. The purpose of inclusive procurement policy, such as set-a-sides, is to develop minority owned enterprise, counteract the consequences of past prejudice and discrimination, and reduce unemployment of minority groups (Chay and Fairlie 1998).

4.5 Indigenous Australian inclusive procurement policy landscape

There are several policy initiatives that are being [or will be] implemented in both Australia and the US. To achieve the aims of this study, it is important to contextualise these policy initiatives from an Indigenous standpoint. This will provide an understanding of the landscape in which Indigenous businesses are operating and it helps understand the institutional environment and the institutions of governance (Williamson 1998) of that landscape. Furthermore, this brief policy analysis could support clarify of some of the external socio-political forces that influence the way in which procurement professionals purchase Indigenous goods and services. The clarity sought here could explain how these influences could manipulate these supplier-buyer commercial relationships. Moreover, it should provide a comparative opportunity between the Indigenous Australian and Native American businesses by way of examining successes, obstacles and what is irrelevant in the policy context. This comparative opportunity is also consistent with TCE theoretical framework (Williamson 1996).

4.5.1 Indigenous procurement policy

Inclusive procurement policy is often a cornerstone of corporate social responsibility (CSR) initiatives and could have direct impact on the LPO buyer and Indigenous supplier relationship, for example, in 2015 - 2016 Australia's commonwealth government committed to increase purchasing targets that engage Indigenous businesses by up to 3 per cent by 2020. This strategic commitment is sustained through the Indigenous Procurement Policy (Prime Minister and Cabinet 2016). The Indigenous Procurement Policy (IPP) has three major sections including a. targets - to incrementally reach 3 percent of new domestic federal government contracts being awarded to Indigenous suppliers between 2015 and 2020; b. mandatory set asides – federal government agencies will look first to Indigenous business suppliers for all contracts in remote areas regardless of value; and all other domestic contracts valued between \$80,000 and \$200,000 and; c. mandatory Indigenous employment and Indigenous supplier use - at least 4 per cent Indigenous employment and/or supplier use on average over the term of the contract; or achieving 3 per cent Indigenous employment and/or supplier use across the organisation on average over the term of the contract (Australian Government 2015).

It seems that Federal government spending results through the IPP over the first 18 months [June 2015 until December 2016] has been more than \$407 million with 708 winning Indigenous businesses (Scullion 2017). This has raised the interest of LPOs, particularly corporate firms wanting to form commercial partnerships with Indigenous owned businesses, and this is cause for some concern because of the risk of front companies (Jacobs 2017; Marion 2011). Front companies, at times, are indistinguishable from authentic minority owned businesses when evaluating and then presenting results, as front companies are widely recognized as a hindrance and perhaps corrupt (Marion 2011). Critics of the IPP suggest that government agencies operating costs (transaction costs) will be increased, the open market tendering will be negatively impacted, only certain Indigenous businesses will benefit, success measures and outputs can be manipulated by the government, the policies are not binding and procurement professionals can easily circumvent inclusive procurement policies by documenting good faith efforts in proving the value for money likelihood of Indigenous businesses (Jacobs 2017; Marion 2011).

Hence, stricter compliance enforcement of procurement policies is needed that enhances buyer engagement with legitimate Indigenous owned businesses (Marion 2011). The variation of purchasing goals across states, across projects, across agencies and over time is also not reported, as it seems, dissecting the narrative, particularly with Indigenous business sector, can make measuring and reporting success or otherwise, complicated and very difficult (Biddle et al 2017; Marion 2011). One of the difficulties in defining and measuring success is that outcomes for Indigenous businesses are a nuanced story (Biddle et al 2017). In promoting outcomes such as the number of Indigenous businesses winning over \$400m in contracts, the federal government ignores the nuanced Indigenous business sector. Measures of success could be analysed within-Indigenous business comparisons. For example, comparisons could recognize the many characteristics of Indigenous businesses, such as employment outcome compared with a business characteristic such as, the industry in which the business operates (Biddle et al 2017).

4.5.2 Indigenous Business Sector Strategy

The most recent commonwealth government Indigenous business initiative announced in February 2018, is the Indigenous Business Sector Strategy (Prime Minister and Cabinet, 2018). The Indigenous Business Sector Strategy (IBSS) hopes to support and sustain the Indigenous

businesses sector create generational wealth and economic independence by focussing on buyers and their broader objectives and creating Indigenous business hubs across the country (Prime Minister and Cabinet 2018). The Indigenous business hubs will include time limited project hubs that provide specific connection and tendering support for Indigenous businesses that wish to participate in major national federal government building and infrastructure projects. These hubs will be limited to the time of a particular project and located in a close vicinity to projects. Additionally, the policy hopes to improve access to finance and capital products for Indigenous businesses who seek to changeover to major lending institutes through a pilot program, which is co-designed by the banking industry and the government, called the Indigenous Entrepreneurs Capital Scheme (IECS) (Prime Minister and Cabinet 2018). The IBSS recognises that most Indigenous business are not unlike non-Indigenous businesses in terms of sectors in which they operate with a majority of both being in the services and construction industries (Prime Minister and Cabinet 2018).

A question now remains, will the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry impact the IECS for the Indigenous business sector in Australia (Commonwealth of Australia 2018). A further observation is that, while both the IPP and the IBSS add much needed support to boost the Indigenous business sector, they remain silent on how procurement practitioners at LPOs are expected to change and adopt their buying practices and contract management routines to cater for the influx of new and innovative Indigenous suppliers. Merely expecting procurement practitioners to be compliant with policy could leave a gaping chasm between policy expectations and how procurement is realised in practice (see Jacobs 2017; Marion 2011). Furthermore, procurement professionals that might be underprepared, ill-informed and or under-resourced to cater for changes that are being created by the IPP and the IBSS, could become opportunistic in the way they purchase, which could lead to an undesirable atmosphere for Indigenous suppliers (Dollinger and Daily 1989). Other initiatives emphasized in the IBSS for regional and remote Indigenous communities include expanding microfinance and grants. That is providing working capital for mainly for Indigenous start-ups in regional and remote areas (Commonwealth Government 2018). Although, this policy effort is much needed in those areas should be delivered, it ignores most Indigenous businesses which are situated in metropolitan locations.

The IBSS also mentions providing access to specialist advice for potential Indigenous and non-Indigenous joint venture support, where the Indigenous partner is less experienced and at risk of being exploited (Commonwealth Government 2018). In attempting to balance Indigenous business development, compliance expectations and reducing the risk exploitation for Indigenous businesses, the IPP and the IBSS overlook those, both Indigenous and non-Indigenous business owners, who willingly partake in ad-hoc, opportunistic and unprincipled behaviours. That is, the monitoring and oversight of potential corruption, collusion and the forming of cartels within the Indigenous business sector around these policies remains unknown? When targets are set, deadlines to meet, consortiums lingering, opportunistic behaviour of procurement professionals and unprincipled businesspeople (Indigenous and non-Indigenous) suddenly the risk of a business catastrophe is heightened. This potential business behaviour needs to be acknowledged and understood, then it is hoped that protections are put in place to safeguard the Indigenous business sector from potential disasters, hence protecting the integrity and value systems of Indigenous businesspeople more broadly.

4.5.3 Aboriginal Procurement Policy (New South Wales)

In New South Wales, during 2015-2016, the state government established a Standing Committee to inquire and report on economic development in Aboriginal communities across the state. The committee received 37 submissions, three supplementary submissions and 13 discussion papers. They held four public hearings which included the locations at Parliament House in Sydney, then Dubbo, Tamworth, and Narooma. Furthermore, the inquiry committee conducted six site visits to the Central Coast, Dubbo, Brewarrina, Tamworth, Guyra and the Far South Coast (NSW Parliament 2016). They were seeking an understanding about future economic development aspirations from NSW Aboriginal communities. The state government saw economic development, through Indigenous business creation as a means to overcome unacceptable disadvantage sustained by successive governments in the state (NSW Parliament 2016). It appears this inquiry acknowledges that while there may have been good intentions, NSW state governments of all persuasions, have mishandled public funds in terms of economic development that addresses socioeconomic conditions for Aboriginal people and communities in NSW.

Following the inquiry, on May 2018, the NSW Government a new Aboriginal Procurement Policy (APP) was announced. The APP aims to procure three per cent of government goods and services through Aboriginal owned suppliers. As at 1 July 2018, NSW government agencies, under the APP were able to commence procuring goods and services from Indigenous owned businesses that have identified employment outcomes for Indigenous people (ProcurePoint 2018). As a key stake holder and intermediary organisation representing Indigenous businesses across NSW, the NSW Indigenous Chamber of Commerce (NSWICC) contributed to the abovementioned inquiry. Since the consultation period and pending report, NSWICC established the Aboriginal Procurement Helpdesk, which adds to their existing NSW Aboriginal Business Portal. Additionally, the NSWICC commenced the NSWICC Assured Program to confirm indigeneity of their suppliers, an Aboriginal Procurement Unit that provides assistance to large purchasing organisations seeking to purchase from Aboriginal suppliers or seeking to employ Aboriginal people, providing general assistance in implementing the objectives of the APP (NSWICC 2018). Again, these supports for Indigenous businesses are much needed but the essential development and education of procurement professionals within LPOs is largely ignored by the NSW state government. This further highlights the necessity to examine and understand relationships between Indigenous suppliers and their LPO buyers.

4.5.4 Aboriginal Participation in Construction (NSW)

The Aboriginal Participation in Construction (APIC) Guidelines has been updated since 2007 with the amended policy commencing in May 2015. The policy is applicable to NSW government construction contracts that fit the criteria. Part of the criteria is that projects principally impact Indigenous communities in NSW. Projects are then categorised according to size and scale (NSW Government Finance and Services, 2016). While there is mandatory minimum, long term targets across each category, agencies can seek budget revisions as appropriate (NSW Government Finance and Services, 2016).

Still in NSW, a little-known but not compulsory, public policy is the Tendering Guidelines for NSW Local Government (2009) which allows local government authorities [i.e. local Councils such as City of Sydney or the Dubbo Regional Council] in NSW to engage with Indigenous businesses while giving reference to and complimenting the APIC (Division of Local Government, Department of Premier and Cabinet 2009). Taken together the APP, APIC and

the NSW local government tendering policies have implications both negative and positive for local Indigenous suppliers and their contribution to Indigenous employment depending on the socio-political environment and the attitudes of procurement professionals within the relevant agencies.

4.5.5 Queensland Indigenous (Aboriginal and Torres Strait Islander) Procurement Policy (Queensland)

During December 2013, the Queensland Government's Department of Aboriginal and Torres Strait Islander and Multicultural Affairs released the Queensland Aboriginal and Torres Strait Islander Economic Participation Framework. The framework outlined an Economic Participation Action Plan where Queensland government's infrastructure, services and policy, were committed to procuring Indigenous goods and services and increasing employment opportunities (Queensland Government 2013). The Economic Participation Action Plan was a precursor for the Queensland Government's Department of Aboriginal and Torres Strait Islander Partnerships to release the Queensland Indigenous (Aboriginal and Torres Strait Islander) Procurement Policy in early 2017 (Queensland Government 2017).

The policy's objectives and outcomes include building capacity and capability of Indigenous businesses, grow and development a sustainable Indigenous business sector that supply's both public and private sectors, and improved employment outcomes and opportunities Indigenous people (Department of Aboriginal and Torres Strait Islander Partnerships, 2016).

It is worth noting that in Queensland, the South East Queensland Indigenous Chamber of Commerce was established. This not-for-profit advocacy and advice intermediary is actively involved in the Queensland Indigenous business sector promoting networking events; circulating relevant articles throughout their network; undertaken member research; engaged with other Indigenous Chambers of Commerce; is active on social media, with their email data base standing at 735 in 2014. Importantly they have regularly consulted with various governments for and on behalf of the Indigenous business sector in their area (South East Queensland Indigenous Chamber of Commerce 2012).

4.5.6 Tharamba Bugheen Aboriginal Business Strategy (Victoria)

The Victorian Aboriginal Economic Strategy 2013-2020 has a strategic vision, guided by the Victorian Aboriginal Economic Board (VAEB) who were appointed in June 2016. The VAEB held

consultations that focussed on strategies and relationships between the Victorian Indigenous business sector and the Victorian government and major corporations (State Government of Victoria 2013). These events made public the Victorian Government's 1 per cent Aboriginal procurement that is being matched, or exceeded, by the private sector private sector. The VAEB also promoted the Victorian government committed of \$4.5 million over 4 years, commencing in 2015-2016, to implement the overarching Victorian Aboriginal Economic Strategy 2013-2020 (State Government of Victoria 2018). As part of the Victorian Aboriginal Economic Strategy, the Tharamba Bugheen Aboriginal Business Strategy was released on 15 March 2017. The Aboriginal business policy was allocated \$6.6 million in the 2016-2017 State Budget and is focusing on access to business support, developing entrepreneurship and raising awareness of the Indigenous business sector in Victoria (State Government of Victoria 2018). It is worth noting two major components of the Victorian government's strategy, that is, the target for the inclusion of Indigenous businesses is only one percent and the other is, they call on major LPOs to match their target.

4.5.7 Aboriginal Procurement Policy (Western Australia)

The Western Australian Government commenced its Aboriginal Procurement Policy roll out on 1 July 2018 and hope to develop Indigenous entrepreneurship and Indigenous business opportunities for the Aboriginal communities in Western Australia (Government of Western Australia 2017). Each state government agency Western Australia will have to comply with the policy which sets whole-of-government targets for each upcoming calendar year [and beyond] as detailed in Table 1 below. From 2021 the Western Australian Governments' target of three percent will be continuous into the future (Government of Western Australia 2017). The policy direction states that when evaluating the progress of each Western Australian Government agency, they will consider distinct characteristics of Indigenous business and their LPO buyers such as financial value, joint ventures and other collaborative arrangements and procurement panel activities (Government of Western Australia 2017).

Table 1: Western Australian Governments Procurement Targets 2017-2021

Financial Year	Targets
2018-2019	One (1) per cent of the number of awarded contracts
2019-2020	Two (2) per cent of the number of awarded contracts
2020-2021	Three (3) per cent of the number of awarded contracts

Source: Western Australian Government Aboriginal Procurement Policy 2017

Depending on the monetary value of contract, reports will be made public as the Western Australian Governments Department of Finance is responsible for administering, monitoring, reporting and advising other agencies and Indigenous businesses about various aspects of the Aboriginal Procurement Policy (Government of Western Australia 2017). It is very clear that inclusive procurement policy initiatives in Australia are relatively new with some only commencing in 2017-2018 financial year. By contrast, policies in America around inclusive procurement, as outlined earlier in this literature review dates back to at least the 1970s.

4.5.8 Aboriginal Economic Participation Strategy (South Australia)

The South Australian government in 2015 commenced the development of an Aboriginal economic participation strategy through the Aboriginal Affairs and Reconciliation agency. This process was later integrated into the functions of the Office of Industry Advocate and their Procurement Strategy. Then in 2017 the Aboriginal Economic Participation Policy was embedded in the South Australian Industry Participation Policy. Two Industry Participation Consultants are now engaged by the South Australian government charged with the responsibilities to implement policy objectives and advocate for Aboriginal businesses in South Australia.

The dual purpose of the policy is to leverage business and employment opportunities for Indigenous people and to build the capacity of the Indigenous business sector. The policy also includes a provision to ensure that non-compliance can be investigated by the statutory authorities. In brief, for tenders less than \$220,000 are encouraged and supported to use the policy. Agencies can procure goods or services from Indigenous businesses directly. In tenders greater than \$220,000 agencies, with the support of the Office of the Industry Advocate, will

develop tailored Industry Participation Policy plans. These plans will detail Industry Participation score to assist Indigenous business secure tenders from the South Australian government.

4.6 Native American Inclusive procurement policy landscape

Given the density of economic development activities for Native American peoples, this section is focused on policy initiatives that frame Native American supplier development and inclusion. It discusses some of the key procurement policies that impact Native American enterprise. The North American context and policy landscape can be somewhat complex as the next section briefly describes.

There are a multitude of federal, state, county, municipalities and Native American jurisdictions. There are 566 Native Nations with 305 in the lower 48 states. Native American tribal governments preside over 324 reservations, pueblos, Rancherias, colonies, and other parcels of land (Taylor 2014). Many of the Native American tribal governments have government-to-government relationships with the US federal government which are classified as domestic dependent nations (Akee et al 2015). Native American tribal governments have enhanced tribal self-determination and autonomy whereby, their governmental functions see them make and enforce law, develop and implement policy, deliver welfare for their citizens and develop economic activity (Cornell et al 2011).

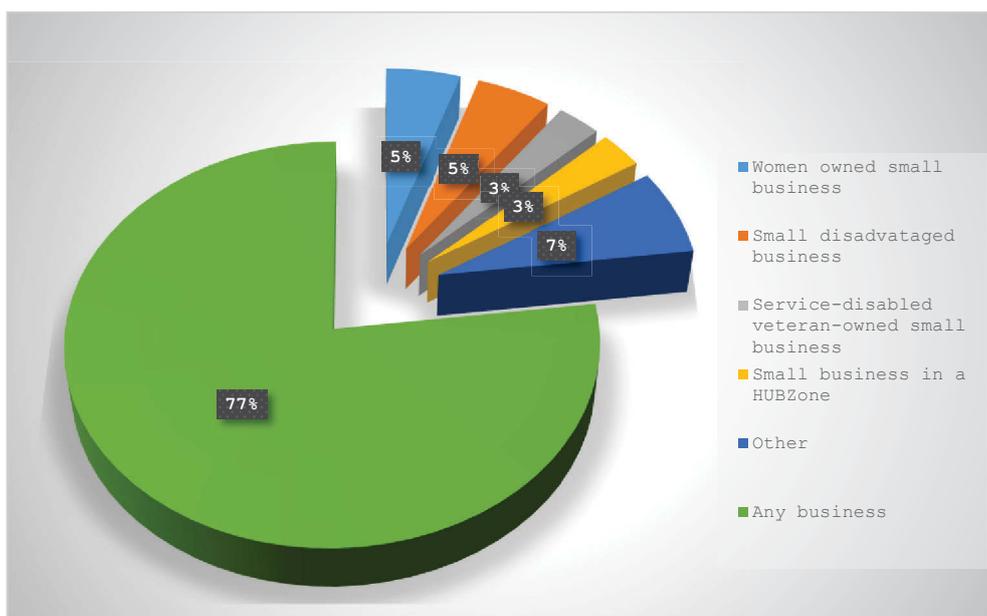
4.6.1 Buy Indian Act 1910

A long-standing but recently amended federal government legislation, relating to the procurement of goods and services from Native American owned companies, is the Buy Indian Act 1910. This Act has largely been unenforceable as there were no laws adopted for applying the Buy Indian Act until 2013 (Bill et al 2015). Since then, the Bureau of Indian Affairs and other mandated bureaus within the federal government are authorised to set-aside, preference and procure Native American businesses when buying goods and services. The Buy Indian Act regulations are located at the Department of the Interior Acquisition Regulation (Department of Interior 2015) for a Native American owned, managed and operated business to qualify under the Buy Indian Act they must meet five requirements be at least 51 per cent Native American owned or 51 per cent owned by a tribal government; be citizens of a federally recognized tribal government or Alaska Native village; must manage the

contract; and the Native American person or tribal government must receive majority of the earnings from the contract and; the Native American person or tribal government must control the daily business operations (Department of Interior 2015; Conduff and Griswold 2015).

It must be noted that at the time of writing this thesis a Legislative Hearing on Indian Affairs Bills was taking place in America, the outcomes of which are currently unknown. The legislative changes brought on by the hearings could affect the way in which LPO buyers approach commercial relationships with Native American businesses. Of the two new Bills the first requires the formation of a grant program for launching and operating business incubators for Native American people and communities (Subcommittee on Indian, Insular and Alaska Native Affairs, 2018). While the second Bill amends the Native American Business Development, Trade Promotion, and Tourism Act of 2000, the Buy Indian Act and the Native American Programs Act to provide industry and economic development opportunities to Indian communities (Subcommittee on Indian, Insular and Alaska Native Affairs, 2018). A major provision of the second Bill to amend the Buy Indian Act instructs various government agencies to purchase goods and services from Native American business and create Native American employment opportunities (Subcommittee on Indian, Insular and Alaska Native Affairs, 2018). See Figure 6 below.

Figure 7: US Federal Contracting Dollars by Percentage by Small Business Category



Source: SBA Contracting Assistance Programs 2017

Each of the above-mentioned small business categories have distinct program benefits, eligibility requirements and certification processes. While Native American owned businesses may be eligible under any of the SBA categories mentioned, there are unique provisions under the 8(a) Business Development contract assistance program.

4.6.2 Business Development Program

The 8 (a) Business Development Program seeks to assist socially and economically disadvantaged people or entities including Native American businesses. Other basic criteria and requirements of the 8(a) Business Development Program is being a for-profit small business that is majority owned, controlled and managed by an American citizen who fits the socially or economically disadvantaged status (SBA, Office of Native American Affairs 2017). Furthermore, Native American businesses can be excluded from the program if they have previously participated, consistently earn \$250,000, have assets of \$4m amongst other issues (SBA 2017).

To assist Native American businesses, SBA has an Office of Native American Affairs that is headquartered in Washington DC which promotes and supports Native American entrepreneurs (SBA 2017). Benefits 8(a) Business Development Program business includes set-aside contracts; assistance and guidance with navigate federal government contracting and potential joint venture, access to mentor-protégé programs and, technical assistance – from basic business training to high-level executive development (SBA 2017). For 8 (a) certified businesses, there is an exit strategy which incorporates a graduating process from the program. To graduate, the business is deemed to have noticeably achieved set targets, objectives, and goals or a participant's original eligibility is no longer applicable (Electronic Code of Federal Regulations 2018). There are policies in place about determining ongoing sustainability of the business when assessing its graduating conditions (Electronic Code of Federal Regulations 2018) although it is understood that once an 8 (a) certified business reaches or exceeds the \$4m asset threshold previously mentioned, the business is required to exist or is graduated from the program.

4.6.3 Native American Tribal Council procurement

Some Native American Tribal Councils have their own technical assistance programs for a variety of business types. For example, the Cherokee Nation has a Small Business Assistance

Center that serves and supports Native American owned business coaching and access capital for start-ups and business growth (Cherokee Nation 2010). In terms of procurement, the Cherokee Nation opened their One Stop Business Centre in 2005 which provides access to tender information relating to procurement opportunities within the Cherokee Nation Government and its business entities (Cherokee Nation 2010). In 2017, the One Stop Business Centre 7750 Native American entrepreneurs and existing business owners while 200 Native American owned businesses partook in one-on-one business coaching (Cherokee Nation 2010). Loans of over \$3 million were granted to Native American owned businesses by the Cherokee Nation Economic Development Trust Authority which created much needed employment within the Cherokee Nation (Cherokee Nation 2010).

It must be said the Cherokee Nation is one of the largest Native American tribes in America and is a sovereign tribal government. The Cherokee Nation has about 358 000 citizens globally with more than 133 000 citizens residing on tribal reservations located in north eastern Oklahoma (Cherokee Nation 2010). The Cherokee Nation employs around 10,400 people which makes them one of the largest employers in north eastern Oklahoma. The Cherokee Nation is estimated to have a \$2 billion economic footprint in the state of Oklahoma (Cherokee Nation 2010).

With an economic impact such as the Cherokee Nation in Oklahoma, it is worth noting that Native American tribal governments per capita payments, which are sourced from tribal revenues and paid to individual citizens of a tribe, are at varying stages across Indian country. While the number of Native American governments making per capita payments to their citizen members is increasing, in some Native American communities' these payments have become divisive in terms of political campaigns (Cornell et al 2008). Having briefly detailed the economic policy landscape for Indigenous Australian and Native American businesses, the next section will discuss the Indigenous middle class to understand the capacity and capability of Indigenous entrepreneurship and their ability to manage the commercial relationship between them and their LPO buyers.

4.7 Indigenous business growth and the contributing factors

Contextualising Indigenous business growth in the Australian marketplace as part of this literature review is important because, in a statistical sense, it legitimises the claim that

Indigenous business is a growing sector; it verifies the commercial exchanges between Indigenous suppliers and LPO buyers; it helps understand the broader business sector in Australia and how Indigenous businesses are placed; it helps with comparing Indigenous and non-Indigenous business sectors in terms of that growth; it helps understand the Native American business sector, and helps the ensuing comparisons between Native American and Indigenous Australian businesses. From a policy perspective it helps understand public discourse concerning supplier diversity at a state and federal government levels which can help articulate correlations, if any, between policy and Indigenous business growth. While from an individual Indigenous entrepreneurial perspective understanding Indigenous business growth, will give one the sense that Indigenous people have the capacity to own, manage and operate these businesses which may, help shift negative assumptions about Indigenous businesses and possibly demonstrate Indigenous capacity. Ultimately, understanding the progress of the Indigenous business sector more broadly will help determine if research exists that examines growth through the lens of transaction costs economics theory.

4.7.1 Growth and the statistical data

By June 2017, of all businesses in Australia, 38.8 per cent (or 868,248) were enterprises that employed people while the vast majority, 61.2 per cent (or 1,370,051) were non-employing businesses (Australian Bureau of Statistics 2018). Non-employing businesses are largely sole traders and partnerships without workers, for example a self-employed carpenter without any other employees (Gilfillan 2015). Furthermore, there are estimates that most employer businesses [around 70.1 per cent], employ between 1 and 4 people whilst around 3700 [or 0.5 per cent] employ 200 people or more (Australian Bureau of Statistics 2018). Enterprises entering the market in 2013-14 showed a general trend where businesses with fewer employees had lower rates of survival by June 2017 (Australian Bureau of Statistics 2018). That is, non-employing businesses survived at the rate of approximately 50.7 per cent. Contrary to this trend, businesses that employed 200 people or more had the highest survival rate of around 78.6 per cent. This should be significant to the Indigenous business sector because, the sector is dominated by micro or small businesses and if trends are the same as the non-Indigenous small business sector, about half the Indigenous businesses that enter the market, simply may not survive.

On the upside, and if the Indigenous business sector mirrors the non-Indigenous business sector when discussing larger businesses, those Indigenous business that employ 200 people or more are more likely survive. Data relating to business size over time (2013 to 2017) as measured by the number of employees show that the fastest growing sector comprises business with 0 to 4 employees (Australian Bureau of Statistics 2018).

Business numbers can fluctuate dramatically as tens of thousands of micro; small and medium sized businesses arrive and depart the economy annually (Commonwealth Government 2016). In terms of financial turnover, approximately 2.2 million businesses were actively trading in June 17 (Australian Bureau of Statistics 2018). Almost all of these, around 98 per cent, had annual turnover of less than \$2m; about one-third, or 34.7 per cent had an annual turnover of between \$50 000 and \$200 000; with a further one-third or 33.9 per cent having turnover between \$200 000 and \$2m (Australian Bureau of Statistics 2018). Moreover, a moderately small percentage (less than 3 per cent) had a turnover of \$5m or more during the previous 2016/2017 financial year (Australian Bureau of Statistics 2018). Business size as measured by turnover as at June 2017, shows that businesses turning over \$2m or less dominate the general business landscape and it is likely that most Indigenous businesses are in the lower turnover categories (Australian Bureau of Statistics 2018).

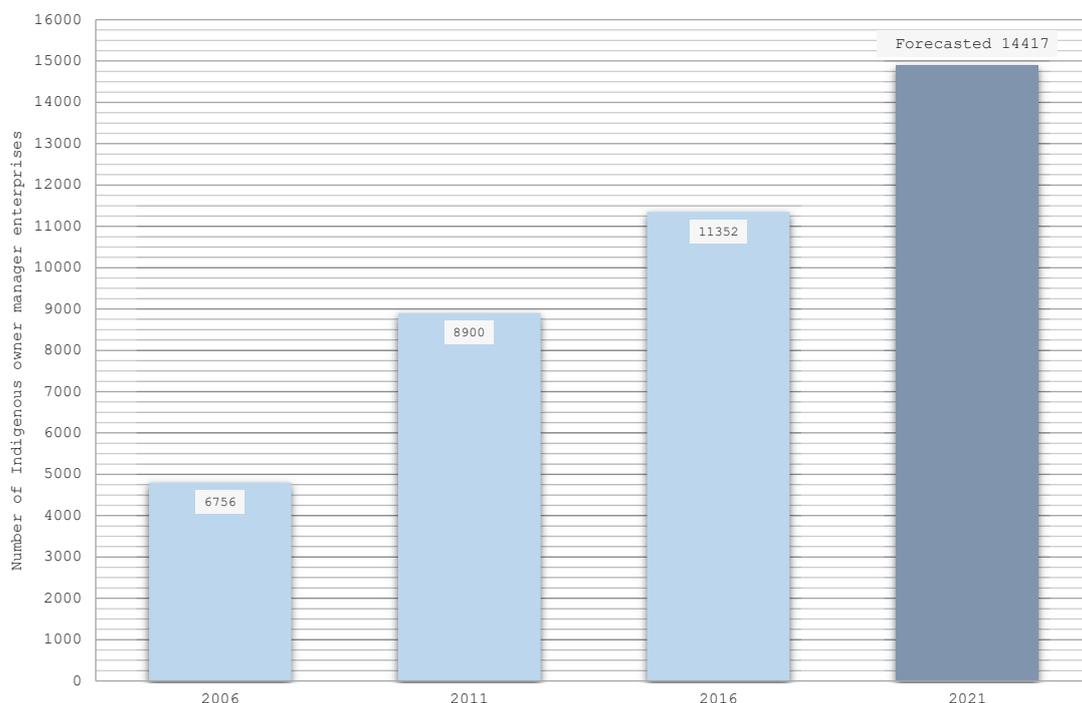
As at June 2015, 97.4 per cent of all Australian businesses employed 19 people or less and during that same year approximately 2.4 per cent of all Australian businesses employed between 20 – 199 people whilst only 0.2 per cent employed 200 people or more. Moreover, by June 2017 a clear majority of all Australian businesses employed 4 people or less. The overwhelming majority of Australian businesses are non-employing or employ less than 20 people and these businesses turn over less than \$2m per year. These data are important given the current rhetoric, growth and employment expectations of the Indigenous business sector (see Forrest 2014; Hunter 2014¹; Hunter 2014²; Gray et al 2014; Hunter and Gray 2016).

4.7.2 Indigenous Australian owned businesses

The discourse therein suggests that non-Indigenous commercial entities are highly unlikely to employ Indigenous workers as opposed to Indigenous businesses that are said to be “around 100 times more likely to employ Indigenous workers than non-Indigenous businesses” (Hunter 2016 pg. 11). An exact number of Indigenous businesses in Australia continue to be

contested. Hence various sources estimate the numbers have increased from 4,600 in 2001, to 16, 000 in 2018 and based on current Indigenous business growth around 2,200 will be established by 2018 – 2019 (Department of the Prime Minister and Cabinet 2018; Hunter, 2014) Furthermore, Figure 7 below, with data sourced through the Australian Bureau of Statistics (ABS), Census TableBuilder, it is identified that in 2006 there were 6,756 Indigenous owned and managed incorporated and unincorporated enterprises (ABS 2017). This number climbed to 8,900 in 2011 then again in 2016 to 11,352 (ABS 2017). When converted to percentages, the data shows a clear growth in the Indigenous business sector that is, between 2006 and 2011 by 24 per cent then again between 2011 and 2016 by 24 per cent with overall growth between 2006 and 2016 of 50.7 per cent. If these growth trends continue, using simple percentage forecast calculations, it is estimated that by 2021 almost 14,500 Indigenous owner and managed business will be operating in the Australian marketplace.

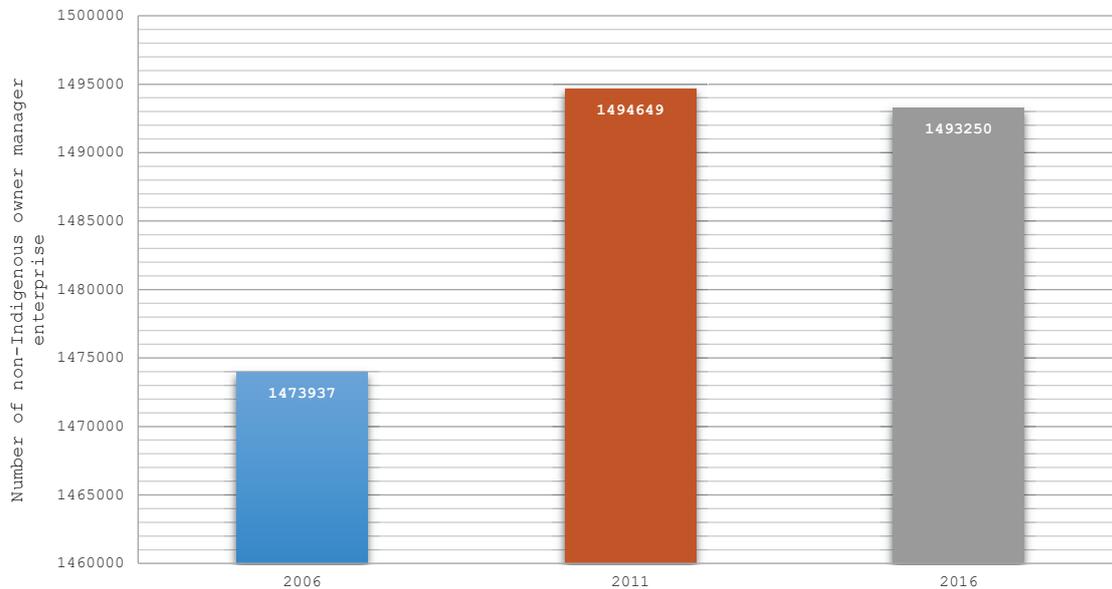
Figure 8: Indigenous owner manager enterprises 2006, 2011 and 2016



By way of comparison Bar Chart 2 below shows, the non-Indigenous business sector shows that between 2006 and 2011 non-Indigenous owner managers of incorporated and unincorporated businesses had grown by 1.4 per cent. While between 2011 and 2016 there was a decrease of .09 per cent. Hence, the overall increase for the ten years between 2006

and 2016, for non-Indigenous business owner managers in Australia is around 1.31 per cent. This is a vast difference to Indigenous Australian business growth of 50.7 per cent mentioned above, during the same period.

Figure 9: Non-Indigenous owner manager enterprises 2006, 2011 and 2016



Source: ABS TableBuilder, 2017

Having established the growth of the Indigenous business sector and how that compares with non-Indigenous owned businesses, the next small section illustrates the reported spend by LPOs on goods and services supplied by Indigenous owned businesses.

4.7.3 Reported spend by LPOs in Australia

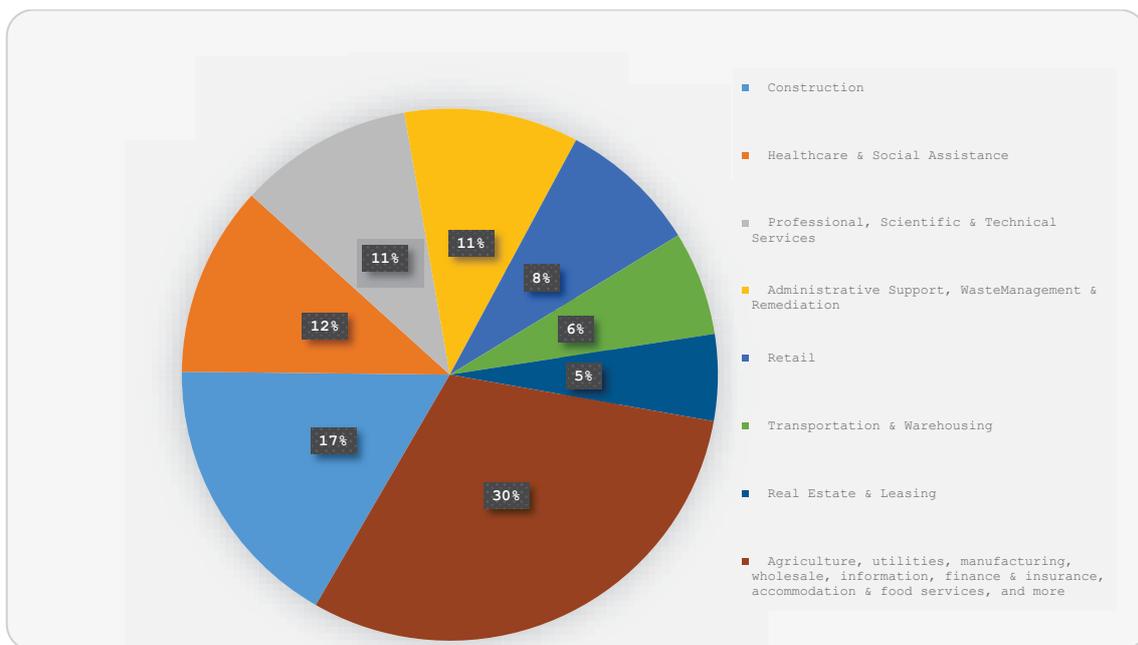
In terms of LPOs purchasing goods and services from Indigenous owned businesses, in 2015-2016, just over \$356 million was spent by just thirty-nine Australian Business Council members (Australian Business Council 2016). Then in 2016-2017 it was reported that LPOs spent just over \$265 million with Indigenous companies (Reconciliation Australia). During the same year Supply Nation reported that their certified Indigenous businesses collectively sold goods and services to LPOs worth more than \$1 billion and that turnover is growing annually at 12.5 per cent (Supply Nation 2017). The commonwealth government reports public spend with Indigenous businesses was \$285.5 million (Prime Minister and Cabinet 2018). The increasing spend with Indigenous owned businesses could be a result of any number of factors such as sources of data which is collated and reported, Australian Business Council members

urging their suppliers to engage with the Indigenous sector (Australian Business Council 2016) or LPO are implementing the Reconciliation Action Plan. However, there is no definitive calculated spend with Indigenous and this is an area for further academic enquiry.

4.7.4 Native American owned businesses

The growth in the number of Indigenous owned businesses is also observable in the US where there are approximately 272,000 American Indian and Alaska Native (Native American) owned firms across the US and this number has been growing by 15 per cent every year over the five-year period 2007 and 2012 (US Small Business Administration 2012). These businesses have annual receipts of around \$39 billion and employ approximately 208 000 workers. Figure 9 below outlines the sectors in which Native American owned businesses are located (Minority Business Development Agency 2017).

Figure 10: Industry Sectors of American Indian & Alaska Native (Native American) Owned Firms

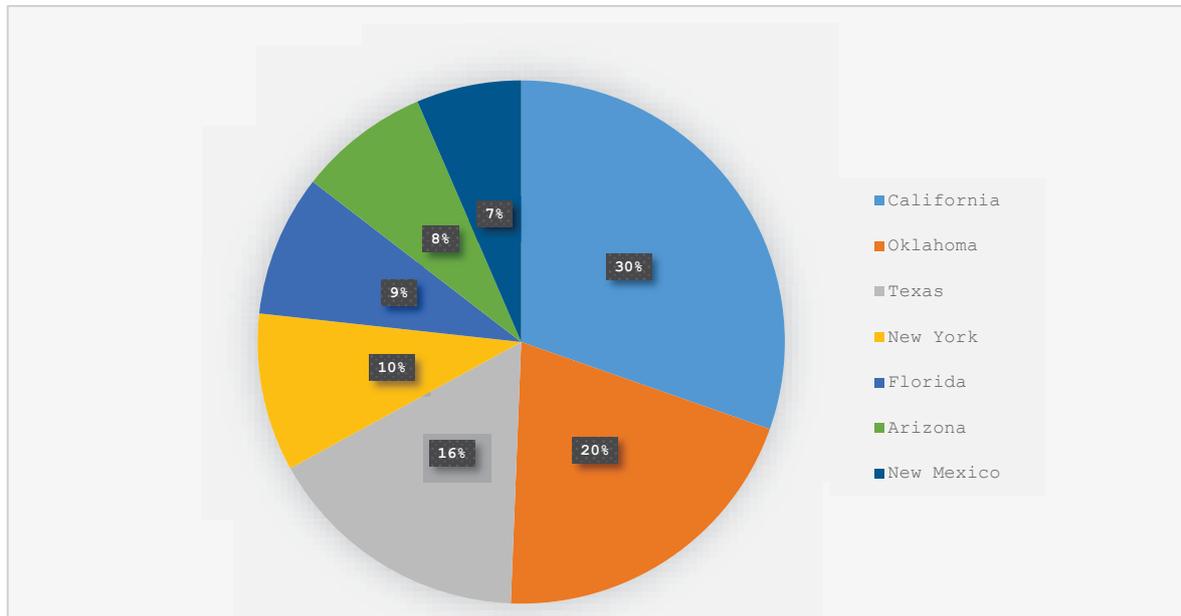


Source: U.S. Census Bureau, 2007 Survey of Business Owners, June 2010

Native American owned firms are more concentrated in California, Oklahoma, Texas, New York, Florida, Arizona and New Mexico (Minority Business Development Agency 2010). Of the 272,000 Native American businesses recorded, 49.7 per cent of those businesses are in the study area, that is, the south western corner of America. Figure 10 show the top seven states nation-wide. The per cent value shown is of Native American firms of the group of seven only.

The states include California, Oklahoma, Texas, New York, Florida, Arizona and New Mexico (US Census Bureau 2016).

Figure 11: No. Native American Firms by State



Source: US Census Survey of Business Owners 2012

In terms of Native American buying power, it has risen from \$20 billion in 1990, to \$40 billion in 2000, to \$82 billion in 2010, to \$113 billion in 2017, and it is predicted to continue rising to approximately \$139 billion by 2022 (Humphreys 2017). A fast-growing Native American population is said to be one of the factors influencing this increased buying power. That is, between 2000 and 2017 the Native American population increased by 54 per cent, compared to African Americans' 22 per cent, white Americans 9 per cent, while overall the total American population grew by 16 per cent (Humphreys 2017; US Census Bureau, 2016). Another factor that is influencing buying power of Native American people is entrepreneurial activity (Humphreys 2017). The number of Native American and Alaskan Native owned firms grew at five times the rate of other American firms between 2007 and 2012. Although comprising approximately 2 per cent of the American population in 2017, the buying power of Native American people alone makes for an economically viable proposition for a business case when developing inclusive procurement initiatives (Humphreys 2017).

4.8 Intermediaries

There are several intermediaries in both Australia and the US that facilitate the Indigenous supplier - LPO buyer relationships. To understand their role intermediary organisations, play in this relationship, this section will describe their functions to determine if they impact commercial opportunities to Indigenous business. An assumption is that they do have an influence.

4.8.1 Supply Nation (Australia)

Having the endorsement of the Australian Government as an intermediary that facilitates economic partnerships between Indigenous businesses and their buyers, Supply Nation is a leader in supplier diversity which is charged with enabling growth in the Indigenous business sector (Supply Nation 2017). Their primary focus is on inclusive procurement opportunities for Indigenous Australian businesses that provide goods and services to LPO buyers by bringing them together and facilitating real and potential commercial partnerships (Supply Nation 2017). Furthermore, they provide opportunities for procurement professionals and other professionals from LPOs to learn about integrating indigenous suppliers in the supply chains to achieve measurable social impact (Supply Nation 2017).

In terms of Indigenous business recognition, Supply Nation has two Indigenous majority equity definitions. The first classification is as a certified Indigenous business and the second, as a registered Indigenous business. To attain certification as a genuine Indigenous business, entities must prove they are at least “51% or more owned, managed & controlled” [with trading evidence of \$50k income in last 12 months] (Supply Nation 2017). To be a registered supplier an entity, which includes non-profits entities, where “revenue is generated from provision of goods or services” and unincorporated joint ventures, alliances or consortiums, must be at least 50% or more, owned by Indigenous Australians (Supply Nation 2017). In terms of confirming Indigeneity of the individual owner, manager or major shareholder, there is an online process following verification by a recognised Indigenous organisation such as an Aboriginal and or Torres Strait Islander Legal Service or an Aboriginal and or Torres Strait Islander Medical Centre or Services.

Being certified with Supply Nation offers several benefits which includes (but not limited to); listing and access to Indigenous Business Direct Database, access to support via an electronic

supplier toolbox, access to tradeshows and other network events, access to the Indigenous Business Marketplace and Supply Nation governance opportunities and reports. Relevant to this thesis, two reports about their networks in 2016 which considered Indigenous supplier relationships with public and private sector members (Supply Nation, 2016). The first enquiry questioned certified and registered Indigenous businesses about, what LPOs can do to reduce transactional complexity for Indigenous businesses owners (Inside Policy, 2016). The second report was compiled from a survey which aimed to answer, from an Indigenous business perspective, questions about the successes and challenges of the Australian Governments, Indigenous Procurement Policy (Indigenous Professional Services, 2016). The findings of these reports, while not academically grounded in theory, provides an insight into the Indigenous business sector in Australia and are relevant to the present study. Supply Nation is a member of the Global Supplier Diversity Alliance that includes America, South Africa, Canada, United Kingdom and China (Supply Nation 2017). The key intermediary in American is the National Minority Supplier Development Council.

4.8.2 Indigenous Business Australia (Australia)

Indigenous Business Australia (IBA) was originally known as Aboriginal and Torres Strait Islander Commercial Development Corporation and was established in 1990 (Indigenous Business Australia 2015). Post establishment, the organisation has undergone several changes in structure and service provision (Indigenous Business Australia 2015). Some of these changes included IBAs ability to make loans and grants for business development and housing for Indigenous Australian people and to give loan and grant guarantees for socioeconomic or cultural purposes (Indigenous Business Australia 2015). In terms of business development, assistance and investment, IBA can now assist and partner with Indigenous businesses to gain access to capital and commercial expertise that will build commercial experience and generate employment opportunities (Indigenous Business Australia 2017). During the 2016-17 financial year IBA “delivered a total of 83 business loans, provided 962 customers with an assessment of their business ideas, wrote 544 home loans totalling \$167.7 million across urban, regional and remote Australia, and supported 109 Indigenous organisations with their investment aspirations. At 30 June 2017, IBA’s net asset value was \$1.3 billion” (Indigenous Business Australia 2017).

4.8.3 National Minority Supplier Development Council (America)

Native American owned businesses have been included as a Minority Business Enterprise (MBE) with National Minority Supplier Development Council (NMSDC) since at least 1971. But what has this meant for Native American businesses? The NMSDC indicates that becoming a certified MBE with their intermediary organisation, or one of their 23 regional affiliate councils, Native American businesses have access to educational programs and an immense business include opportunities to do business with other MBEs, form joint ventures, attend business trade shows and market their businesses while building relationships with LPOs (NMSDC 2017).

4.8.4 Small Business Administration (America)

The US Small Business Administration (SBA) is a federal government agency that was established in 1953 and delivers loans, loan guarantees, contracts, counselling sessions and other types of small business assistance mainly through their Access to Capital (Business Financing), Entrepreneurial Development (Education, Information, Technical Assistance & Training), Advocacy (Voice for Small Business) and Government Contracting (Federal Procurement) programs (SBA 2017). Between 2008 and 2012 SBA has guaranteed over 2,400 loans, totalling approximately \$500 million, to Native American businesses. Through the Government Contracting (Federal Procurement) programs SBA sets goals with other federal departments and agencies to reach the statutory goal of 23 per cent in first tier contracts with small businesses (SBA 2017). To achieve the federal government's procurement target of 23 per cent SBA has several contracting assistance programs which include (but not limited to) the Women-Owned Small Business Federal Contracting program; Service-Disabled Veteran-Owned Small Businesses program; HUBZone program and; 8(a) Business Development program. Pie Chart 4 below shows SBA support, the federal government awards (SBA 2017).

4.8.5 Community Development Financial Institutions (CDFI) Fund

There are approximately seventy certified Native CDFIs in nineteen locations across America and growing (Fogarty 2017; Native CDFI Network 2012). Native CDFIs have been and are being established with a focus on Native American economic development. The CDFIs are a not-for-profit lending facility that differs from commercial lenders in that it does not take deposits as banks and credit unions do and are administered by Native American people who have finance and community knowledge (Fogarty 2017; Jorgenson 2016). Some of the services and

programs being delivered through CDFIs include [but not limited to]; personal financial education; credit coaching; technical assistance; home ownership preparedness training; entrepreneur education and; business coaching (Native CDFI Network 2012). Intermediaries have direct influence on the way in which relationships between Indigenous business and the LPO buyers can play out. Some can become a party to that relationship through direct investment. Intermediaries help Indigenous business navigate the procurement process and are a much-needed source of support particularly when there is limited understanding about the Indigenous business sector.

This thesis offers that Indigenous business growth through can be framed by factors including Indigenous value systems, self-determination, a survivance mindset and their social objectives of Indigenous business owners through Indigenous business models with policy and intermediary support. Public policy support and resources discussed in this thesis help establish intermediaries in both Australia and America. It is their vital role in the commercial relationship that assists an engagement between Indigenous suppliers and their LPO buyers culturally safe and relational rather than transactional.

Chapter 5 Methodology and data collection strategies

5.1 Introduction

This chapter describes the ethics, methodological background, qualitative approach, Indigenised research approach, purposive sampling, and approaches to conducting and analysing the in-depth interviews with Native American and Indigenous Australian business owners.

As an Indigenous researcher, there is no sharp distinction between researcher and the respondents, as the author considers himself and respondents to be equal partners in the research process. This is consistent with Indigenous Standpoint Theory approach (Nakata 2007; Fredricks et al 2011; Guidelines for Ethical Research in Australian Indigenous Studies, 2012). Therefore, the design of this study has sought to ensure that Indigenous people are full partners in the research project and that the cultural values of Indigenous Australian and Native Americans are fully respected. The data collection strategies for this study sought to ensure meaningful and authentic engagement that included the practice of reciprocity between the researcher and Indigenous research partners as both are considered research stakeholders (Louis 2007; Denzin et al 2008; Smith 2013). For example, I was committed to sharing an understanding of the aims and methods of the research and, subsequently, sharing the results of this work with the communities in question as well as following up to seek their feedback wherever possible (Louis 2007; Smith 2013).

5.2 Theoretical framework for the research design

In addition to being connected to the Indigenous philosophy and principles mentioned above, the methodology is consistent with TCE theory in that the approach is pragmatic and comparative (Williamson 1986, 2009). The pragmatic approach of TCE theory relates to four principles:

1. *keeping it simple* - where TCE names transaction cost economising as the main focus of the study;

2. *getting it right* - that the basic unit of analysis is the transaction and ensuring governance infuses rationality, hence moderating tensions and achieving mutual benefit; and,
3. *making it plausible* - where human actors are integral to the unit of analysis, decision-making processes are dissected, and where understanding of the arbitrators of the limitations and confronting questions about scaling-up are all induced (Williamson 2009).

TCE theory calls us to examine both the analysis of firm and market organisations as alternate forms in order to reach alternative yet feasible presumptions (Williamson 1994). That is, Indigenous businesses and their LPO buyers are alternate organisations managing identical transactions. Guided by Indigenous methodological philosophy and principles, this study aims to broaden the comparative nature of TCE to compare how Indigenous Australian businesses and Native American businesses manage their commercial relationships from the perspective of transnational cost economics. In so doing, it seeks to identify similarities and differences in these relationships by firstly understanding the principles that underpin these commercial relationships.

5.3 Ethical considerations

The research received approval from the UTS Human Research Ethics Committee in June 2015. However, numerous Native American Tribal Councils have their own ethics procedures to protect them and their communities from unethical research practices. This influenced the methodology of this study as one is not permitted to carry out interviews on Indian country without the ethical approvals of the relevant Tribal Council. Submitting and obtaining ethics approval was complex and logistically not feasible. Consequently, all interviews with Native American owned business representatives were carried out in metropolitan and large regional centres only.

5.3.1 Ethical considerations specific to working with Indigenous participants

When conducting fieldwork with Indigenous respondents some unique ethical considerations are must be considered, particularly around the proposed benefits of the research. Caution is

always warranted for researchers when engaging in Indigenous studies and I am very aware that research has been highly problematic for many Indigenous peoples globally.

Indigenous people were, and at times, still are, portrayed in harmful ways in research. This is influenced by a history of Western approaches to researching Indigenous people that have perpetuated colonialist racist stereotypes and contributed to ongoing power inequity that have disempowered Indigenous people (Sherwood, 2012). Given this history, Indigenous peoples have valid concerns about participating in research.

To prevent disempowering misrepresentation and overcome Indigenous peoples' concerns, in 2012 the Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS), published 14 Principles of ethical research, to guide the way in which research is conducted with Indigenous Australians - Guidelines for Ethical Research in Australian Indigenous Studies (GERAIS).

The GERAIS Principles serve as the foundation for ethical research practice with Indigenous peoples. It has been updated several times since 2000 to ensure it captures current and relevant research issues concerning Indigenous related research. Below I list three examples of how study complies with the GERAIS principles.

1. The diversity of Indigenous groups, including the diversity of the cultural groups from which they descend, is recognised. I present details of the distinguishing characteristics of the respondent including their cultural roots (see Table 8 and Table 9);
2. It is recognised that Indigenous individuals have other priorities and this can affect the way in which requests for interviews and interviews themselves take place. It was expressly stated that interviews will be conducted at a time and venue that is convenient for the research partner. I was committed to ensuring my research partners were and remain very engaged in owning, managing and operating their businesses *and* their community and family commitments and at times previously negotiated interviews arrangements were assessed to meet their obligations. While this process affected the research time frames I appreciated that staying consistent with Indigenous relationship protocols always take precedence.

3. Generalisations about Indigenous businesses are to be avoided at all costs. Avoiding generalisations and challenging stereotypes about Indigenous peoples and their businesses is a core aim of this research project. This research is comparative in nature and the results show different challenges, successes and solutions across different industries. Moreover, the results and understandings are based on the realities faced by Indigenous peoples of different genders, ages and cultural groups, on two separate continents.

5.4 Two-case analysis

This study is a two-case strategy with 22 embedded observational units of analysis, with each case or research unit having eleven observational units of analysis embedded (Verschuren, 2003; Yin, 2014). Eleven are Indigenous owned businesses located on the east coast of Australia and the other eleven are Native American owned businesses located in south-western United States.

The comparative nature of the two-case approach is consistent with TCE theory as detailed above, in that this study examines Indigenous business forms, in both Australia and the United States, in order to reach alternative and feasible suppositions. The way by which this research achieves its aims, is through a comparative, dual case methodology - one case being Australian-based Indigenous businesses and the other, US-based Native American businesses.

As explained by Eisenhardt (1989), case studies can be used for single or multiple cases with numerous levels of analysis that can utilise embedded design and the actual number of cases in a case study strategy can vary in number (Eisenhardt 1991). What is more important is the knowledge and learning the cases yield about a phenomenon (Eisenhardt 1991).

Case studies are generally informed by data collected through interviews, surveys and observations to collate data which may be qualitative, quantitative or mixed (Eisenhardt 1989). Case studies can be deployed for descriptive or comparative purposes, or theory testing and theory generation (Eisenhardt 1989).

Verschuren (2003) argues, however, that there are unsubstantiated assumptions about the nature of a case study approach. Some of these assumptions about case studies include, for example, its physical and social limitations, and in terms of case study methods, the

personality and independence of the researcher. Verschuren's (2003) study aimed to clarify these misconceptions by clearly defining case studies as a research strategy and differentiate it from other approaches. In doing so, Verschuren (2003) argues that a comparative case study approach, as opposed to a single case study, has greater benefits, in that it remedies concerns about analytical power and generalisability, particularly in an embedded design. An example of a case study strategy with an embedded design, which is consistent with this research, is that when analysing an organisation, the researcher also study each of an organisation's separate business units to provide a better understanding of the whole organisation (Verschuren 2003). In essence, this strategy is used here to provide a deeper understanding of Indigenous businesses relationships with their LPO buyers and how these relationships more broadly in the Indigenous business sector can be improved.

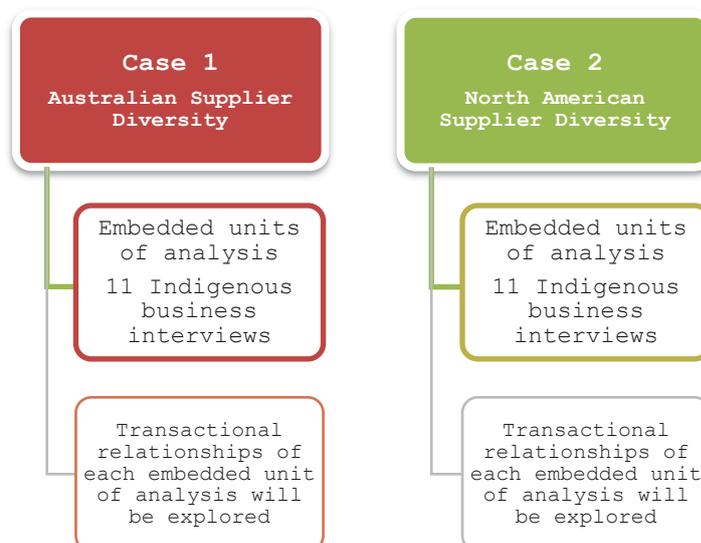
For an academic study to qualify as a case study research strategy, the analysis should be holistic, involve the constant review of evidence from various perspectives, examine a small number of purposefully selected cases and analyse these cases contextually in an open-ended process, using analytical comparative cases and targets clarification and explanation of complex, interrelated characteristics (Eisenhardt 2007; Verschuren 2003). Following an in-depth analysis of previous concepts of research methods used in case studies, Verschuren (2003) holds that qualitative, holistic approaches are the preferred methods, as quantification relies on both splitting the data on one hand and units of analysis on the other. Case studies are specifically suitable for complex phenomena that are embedded in its real-life cultural context as it seeks to understand the interdependence of the embedded parts and their functional influence on the whole research unit (Verschuren 2003).

This approach is consistent with this research in that the cultural context is indigenised, each case has embedded parts – the 22 Indigenous businesses that have contributed - and the research examines these businesses relationships with the broader economic landscape, with their interdependent relationships being examined through the lens of TCE theory. Furthermore, the approach of this research encompasses studying patterns of behaviour within explicit social organizations, that is, the Indigenous owned businesses (Eden and Huxman 1996; Glaser 1992; Yin 1991).

In terms of narrative analysis, both understanding the data and creating or extending theory are central aims. Two key analytic features guided the research strategy in comprehending the data. These are in-case analysis and cross-case comparisons (Eisenhardt 1989). Firstly, the in-case enquiry involved the separate analysis of transcribed interview data from both Australia and The United States. This allowed one to become closely familiar with each case as unconnected entities (Eisenhardt 1989). The in-case analysis then permitted unique patterns to respectively emerge for each case prior to asserting pattern indications across cases (Eisenhardt 1989). Secondly, and following the in-case analysis, the cross-case analysis was achieved. The cross-case analysis assisted in avoiding injudicious presumptions and the propensity to be overtly persuaded by data vibrancy which could have led to early or incorrect conclusions (Eisenhardt 1989).

Cross-case analysis encourages the examination of data from numerous perspectives by applying various research tactics. As Eisenhardt (1989) explains, one tactic would be to undertake a comparison that examines within-group similarities coupled with intergroup differences. Secondly, one could separate data into data sources, that is, interview data, survey data and observational data providing a unique perspective from a mixed methods perspective. Then one could list the subtle similarities and differences between each pair - this is the approach adopted in this study. This allowed a more sophisticated understanding as one was searching for differences between the cases in what seemed like similar groups of Indigenous businesses.

Figure 12: Two case strategy

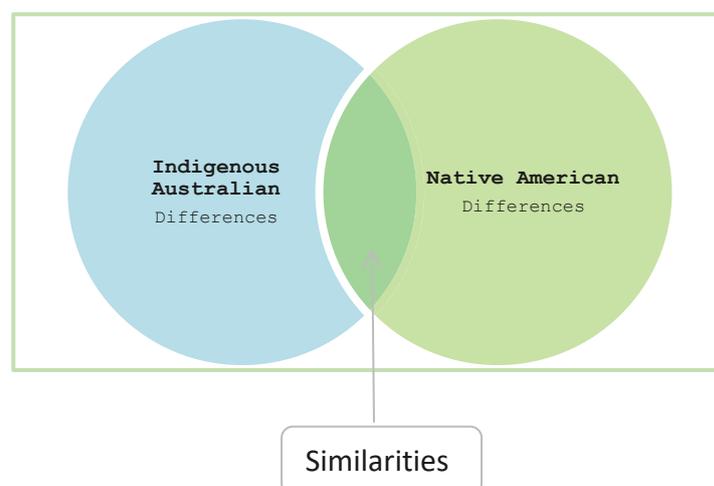


The cross-case strategy, when research data is dissected into categories such as industries, gender and cultural groups, allows one to go beyond first impressions and enhances the prospect of precise and reliable theory. These theoretical understandings emerge from methodological rigor and multiple-case comparative logic (Eisenhardt 1991). Figure 11 above visually demonstrates this study’s two-case strategy.

The case study method is an oft used research strategy in the examination of various Indigenous Australian and Native American related issues (Foley 2004). It has been used in studies of, for example, social capital and networking practices of Indigenous entrepreneurs from Australia, New Zealand and Hawaii (Foley and O’Connor 2013); how culturally sustainable enterprises and demand responsive services in remote Indigenous communities are created (Memmott 2012); how the hunting of buffalo has been adapted by Australian Aboriginals in the NT (Altman 1982); and how sustainable development practices have been applied in Indigenous-owned land (Altman 2005).

Case study methods is also a common approach in the study of micro-economic Indigenous related research on supply chain sustainability (Hassini et al 2012); multinationals’ experiences of supplier diversity; minority business enterprise development (Shah and Ram 2006); the evolution from corporate social responsibility to supply chain responsibility (Spence and Bourlakis 2009); and, corporate perceptions of the business case for supplier diversity (Worthington 2009).

Figure 13: Comparative Analysis



In terms of time, the US case was completed first, followed by the Australian case. Then a cross-case analysis of the two datasets sought to identify differences and similarities as shown in figure 12 above. Comparing and contrasting the Australian and US datasets aligns with the method used by Dollinger and Daily (1989) who also compared the experiences of Indigenous suppliers and their relationships with LPO buyers.

5.4.1 Research partners

Below are the characteristics of the Australian (Table 2) and Native American participants (Table 3). Both tables show the specific respondent code, where their business is headquartered, the gender of person interviewed, the industry their business is in, the cultural group or tribe from which they are a descendent, and the pseudonym ascribed for the purposes of this research. Note that pseudonyms have been used to ensure the anonymity of participants in the research.

Table 2: Characteristics of Indigenous Australian Respondents

Pseudonym	Gender	Business HQ	FTE	Industry	Cultural Group [s]
Karen	Female	Sydney NSW	15	Training and Education	Jawoyn/Wiradjuri
Lindsay	Male	Sydney NSW	12	ICT	Gumbaynggirr
Lynette	Female	Sydney NSW	3	Professional Services	Wiradjuri/Gumbaynggirr
Alwyn	Male	Melbourne VIC	3	Training and Education	Wiradjuri/Wotjobulak
Malcolm	Male	Melbourne VIC	6	ICT	Karajarri
George	Male	Melbourne VIC	2	Professional Services	Waanyi/Jaru
James	Male	Melbourne VIC	40	Construction	Tjap/Peek Whurrong
Mandy	Female	Brisbane QLD	2	Training and Education	Wonnarua/Bunjulung/Birra-Gubba/Gungalu
Dennis	Male	Brisbane QLD	20	ICT	Wakka-Wakka
Neil	Male	Brisbane QLD	11	Professional Services	Dharug/Kamillaroi
Scott	Male	Brisbane QLD	16	Construction	Gumbaynggirr

Table 3: Characteristics of Native American Respondents

Pseudonym	Gender	Business HQ	FTE	Industry	Tribe[s] or Cultural Group [s]
June	Female	Laveen, AZ	4	Training and Education	Hualapai/Navajo
Avery	Male	Phoenix, AZ	5	ICT	Pima
Nadine	Female	Lawrence, KS	4	Professional Services	Cherokee
Brian	Male	Pinetop AZ	8	Training and Education	Hopi
Darren	Male	Phoenix, AZ	10	Construction	Navajo
Ryan	Male	Claremore OK	6	ICT	Cherokee
Harrison	Male	Los Angeles CA	3	Professional Services	Sioux
David	Male	Tyler TX	6	Training and Education	Choctaw
Shane	Male	Phoenix, AZ	3	ICT	Hopi/Acoma Pueblo
John	Male	San Diego CA	5	Professional Services	Choctaw
Susan	Female	Tulsa OK	7	Construction	Cherokee

5.5 Data collection strategies

5.5.1 Pre-interview fieldwork

IST research approaches to fieldwork guided the pre-interview exploratory process in that the methods were iterative, participatory and underpinned by Indigenous value systems. Prior to conducting formal interviews with respondents, the author attended several relevant conferences, tradeshow and seminars in both Australia and the US, meeting and yarning with Indigenous businesses owners and getting to know them and them getting to know me. “Getting to know” means more than knowing what I do, but more about who I am, where I’m from, who my family is and vice versa. Through this process we built trust and sought to create an authentic relationship that may or may not evolve into an academic partnership – securing their participation as an interviewee, while important, was secondary to forming a closer connection based on mutual trusting and respect.

Meeting Indigenous business owners in Australia was facilitated by the fact that the author has personal and professional knowledge of various networking opportunities that are available and in a position to leverage these networks to meet potential participants. The

same approach was used to meet with Native American respondents. Again, being an interviewee for this thesis was secondary to forming genuine and close relationships.

5.5.2 Purposive sampling

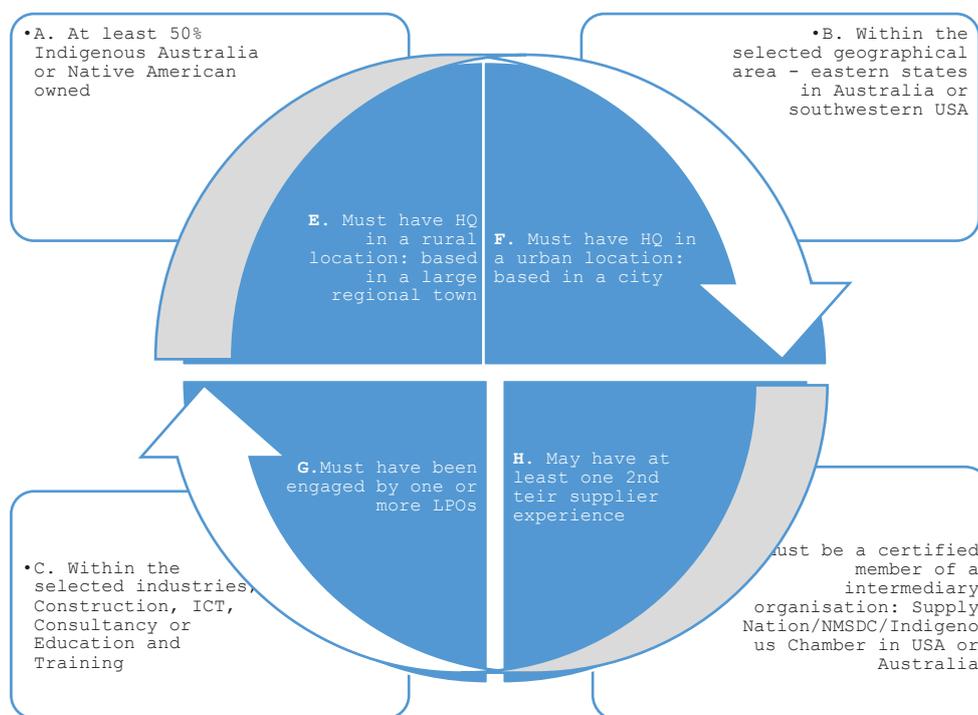
Purposive sampling was deployed because the potential respondents were individuals who were Indigenous businesses owners, and some had many years' experience operating their companies and could offer relevant and detailed narratives about their relationships with their LPO buyers (Creswell 2003; Yin 2011). Each of these Indigenous business owners had their businesses on either the east coast of Australia or the south-western corner of the United States.

As countries of case location, Australia and the US were purposefully selected due to the comparable nature of supplier diversity policy and practice initiatives in both nations. For example, there were similarities in terms of the history of supply diversity in each country, in Australia it had been approximately 10 years since supplier diversity initiatives commenced and the study of Dollinger and Daily (1989), previously discussed, was carried out approximately 10 years after supplier diversity started in the US. Also, both countries' policy initiatives are intended to be inclusive of Indigenous businesses. Importantly, the supplier diversity initiatives in Australia were modelled on the supplier diversity initiatives in the United States (Supply Nation 2017).

The selection of the regional location of interviewee organisations was also purposive. During a statistical analysis, it was identified that the majority of Indigenous Australian businesses were located on the east coast of Australia, were in major cities, were in the ICT, professional services, education and training and construction industries. A similar statistical analysis for Native American businesses in the US resulted in similar findings. Unfortunately, the gender categorisation of these business owners was undistinguishable in the statistical analysis, hence this is an acknowledged limitation of this study. However, an unintended consequence of purposive snowball sampling techniques resulted in 6 of the 22 research partners being female. This is similar to diversity of cultural groups. Of the 22 research partners, 24 different cultural groups are represented in the sample, which, incidentally, was another unintended consequence.

During the pre-interview fieldwork, purposive snowball sampling techniques were used to identify potential respondents (Platman 2004). Figure 6 depicts the purposive snowball sampling criteria for the fieldwork. Once a genuine interpersonal relationship was formed with an Indigenous business owner, formal conversations about their companies and yarning about this study could proceed. These Indigenous businesspeople then referred the author on to others within the industries under study (Elliot et al 2016). Assembling the final group of respondents took several months as the author assessed and reassessed that each potential respondent suited the criteria – see Figure 13 (Palys 2008).

Figure 14: Purposive Sample Criteria



5.5.3 Research tools - Interview questions

The following are Indigenised questions replicated from the Dollinger and Daily (1989) study and used in face-to-face interviews with Indigenous business owners. The initial four questions focused on the positive /negative aspects they found in LPO relationships while asking for specific examples and circumstances of each. The next part of the interview delved into the reasons whether primary and secondary tier business relationships were successful and, if successful/not successful, why. The interview then moved on to discuss “rule” changes

around supplier diversity followed by a question relating to the most significant barriers they believed faced their business in terms of supplier diversity. The final two questions were solutions based and asked how respondents would minimize or overcome the barriers they faced and what business tools they found to be the most useful.

Figure 15: Open Ended Thematic Interview Questions

- a. Based on your experiences (or information from a reliable source), describe examples of any positive working relations that you have had with supplier diversity programs of corporate and government departments?
- b. Describe specifically, why it was a positive working relationship. For example, describe the circumstances and what exactly happened that was positive
- c. Based on your experience (or the information from a reliable source), describe examples of any negative working relations you have had with supplier diversity programs of corporate and government departments?
- d. Describe specifically, why it was a negative working relationship. For example, describe the circumstances and what exactly happened that was positive
- e. Based upon your experience, what are the most important reasons (prioritise) why working relations you have had with supplier diversity programs of corporate and government departments are not always successful? Also describe why subcontractor relations are not always successful.
- f. Should the federal, state and local rules for dealing with Indigenous businesses change? If yes, how so?
- g. What are the most significant impediments (barriers), in your view, to successfully doing business with corporates and government departments through supplier diversity?
- h. What could be done to minimize or overcome these impediments?
- i. What is the most helpful tool/aspect of a supplier diversity program you have experienced in doing business with corporates and government departments?

5.5.4 Research environment

All interviews were pre-arranged and held at a place chosen by the interviewee. This arrangement was made out of respect for the interviewees as they were very busy running their business as well as having significant cultural responsibilities as community leaders. Three of the interviews were conducted at a tradeshow. Other places interviews were conducted were at a café, on a riverbank, in an office block in a city, in a city hotel foyer and at peoples' homes.

While the questions were the same on each occasion, each interview had its own circumstances. In one location the interview moved because of surrounding noise. On another occasion, the interviewer relocated to the interviewee's car, and on another occasion from a café to the riverbank. This did not affect the quality of data and aligns with the pragmatic and flexible approach advocated by IST (Nakata 2007). With trust built prior to the interviews being conducted, many of the risks were assessed and mitigated for this author and the participant. All interviews were audio recorded and were later transcribed verbatim for analysis.

5.5.5 Interview process

The qualitative approach also signals an alignment with the Indigenous standpoint, that is, an Indigenous peoples' approach of passing information from one generation to the next, between different cultural groups or within the kinship network. It is posited here that these are forms of story-telling or yarning (Fredericks et al 2011). The other part of this indigenised qualitative equation is the practice of deep listening or Dadirri (West t al 2012). These practices are ways that culture [or lore] can be passed on, and many Indigenous people use them to make sense of the social, cultural and spiritual worlds, even in contemporary society. Yarning, for example about creation and heroes, medicine and healing, sustenance and navigation, may be passed through oral and listening traditions (Jarrett, pers. comm, 2000). The author found this very effective in this research because, it is, for the author at least, an authentic interpersonal way to communicate, in that it gave the interviewee and interviewer a culturally safe space to be able to express feelings about relationships with LPO buyers. The interviews varied in terms of time between thirty minutes to just over an hour.

5.5.6 Data treatment

The interviews were couched within an overall Indigenised research approach. An Indigenised research approach underlines the importance of the study being beneficial and or useful to the contributor, researcher and the collective (Eden and Huxham 1999). This is also consistent with the case study approach, in that data treatment helps explain the relationships between the interdependent parts and the whole. For example, it is envisaged this project will inform Indigenous economic development policy and or practically bring about change to how LPOs buy goods and services from Indigenous businesses within the various industries. Moreover, the Indigenised research approach also seeks to empower not only the contributor but also their communities by increasing control of the lives (Eden and Huxham 1999; Wallerstein & Bernstein 1988).

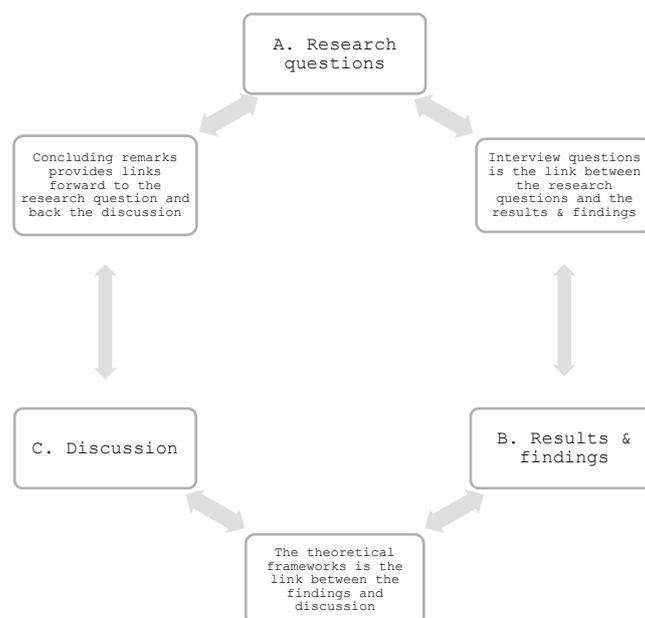
Using NVivo software, analysis of the transcripts involved thematic analysis as explicated by Braun and Clarke (2006) to identify the primary themes in that appeared in the interview transcripts both within the within-case and cross-case analysis. A theme is defined as that which “captures something important about the data in relation to the research question and represents some level of patterned response or meaning within the data set” (Braun and Clarke 2006, p. 82). NVivo helped to develop coding categories to identify the types of language used. NVivo also facilitated storing memos and developing axial coding to help identify connections in the text (Silverman, 2014).

Chapter 6: North American results and findings

6.1 Introduction

The central research question of this thesis is what are the factors that constrain or enable supplier diversity relationships between Indigenous owned businesses and large purchasing organisations, and do they promote supplier diversity outcomes of Indigenous economic independence, empowerment and self-determination. For the purposes of this study, the logic of the results and findings [detailed in Chapters 6 and 7] includes linkages with other sections of this study as illustrated in Figure 15 below. It demonstrates the relationship between [A] the Research Questions and [B] the Results and findings. This relationship is explored further in the interview questions. The interview questions invoked responses that have dualistic purposes. The first purpose is to develop patterns and themes that form the results and findings. As a result of the first purpose, the second [or secondary purpose] is to produce responses to the original research questions. The next relationship is between [B] Results and findings and [C] Discussion. The link here is the theoretical framework. While the theoretical framework has a multitude of purposes across this study, two are identified in this relational schema.

Figure 16: Relationships between research concepts



The first purpose of this case is to frame the results and findings and, the second purpose is the guide the discussion. The final relationship is between [C] Discussions and [A] Research

questions. The link in that relationship are the concluding remarks. The conclusions firstly, bring together main areas covered in the discussion and secondly provides final comments that may generate new ideas and speculate on future research questions that may extend or critique the present inquiries.

The present chapter focuses on analysing the interviews of the Native American respondents to gain a deeper understanding of Native American suppliers and LPO buyer relationships. This, and the next chapter, are structured around the research questions in order to develop patterns and themes that can produce answers to those research questions. The patterns and themes are informed by the responses to open-ended interview questions that were posed during the fieldwork. Furthermore, this and the next chapters results and findings, present analysed data for the discussion chapter that follows.

6.2 Respondent overview

One-on-one interviews were conducted with eleven Native American business owners. These Native American businesses engaged with several LPOs ranging from large multinational businesses, various government agencies to Native American Tribal Governments. Their businesses were in the construction, information, communications & technology, professional services and training and education industries and varied in terms of number of employees, and the locations in which they operated with some trading within their states while others were active across North America.

Three of the Native American business owners were female and eight were male. The cultural background and genealogical backgrounds also varied. All their businesses were based in the south west of the United States and were certified with an intermediary. For the purpose of this thesis, each respondent has been de-identified and given a pseudonym (see Table 4 below).

Table 4: Characteristics of Native American Respondents

Pseudonym	Gender	Business HQ	FTE	Industry	Tribe or Cultural Group
June	Female	Laveen, AZ		Training and Education	Hualapai/Navajo
Avery	Male	Phoenix, AZ	5	ICT	Pima
Nadine	Female	Lawrence, KS	4	Professional Services	Cherokee
Brian	Male	Pinetop AZ	8	Training and Education	Hopi
Darren	Male	Phoenix, AZ	10	Construction	Navajo
Ryan	Male	Claremore OK	6	ICT	Cherokee
Harrison	Male	Los Angeles CA		Professional Services	Sioux
David	Male	Tyler TX	6	Training and Education	Choctaw
Shane	Male	Phoenix, AZ	3	ICT	Hopi/Acoma Pueblo
John	Male	San Diego CA	5	Professional Services	Choctaw
Susn	Female	Tulsa OK	7	Construction	Cherokee

6.3 Questionnaire

One-on-one interviews were conducted using questions that were open-ended and semi-structured. The interview process gained a deeper understanding of the nature of commercial relationships and other relational experiences by Indigenous businesses with LPOs. The interviews focussed on the respondents account of the circumstances under which their relationships with LPOs were forged and managed; the nature of their experiences of the relationship (including whether they were positive or negative); and, how the Indigenous suppliers coped with and responded to developments (including opportunities and challenges) that shaped their relationships with LPOs. Questions also prompted respondents to share their ideas about potential policy changes they see could enhance their relationships with LPOs and other approaches they envisaged that could address challenges that they may have encountered when dealing with LPOs.

6.4 Interview analysis

Audio recordings of the interviews were transcribed and then uploaded into NVivo software. NVivo is the preferred qualitative data management and analysis computer software package for this study as it assisted in dissecting the transcripts into themes and patterns then allowed thematic coding and memo making. Subsequently, the analysis sought to identify what factors may have constrained, enabled or had no effect on inclusive procurement relationships.

Data analysis was a continuous process of assessment and reflection. The data treatment process of the analysis was consistent, repetitive and exhaustive. Over the time of analysing line-by-line each transcribed interview, as categories, themes, patterns and coded to nodes and child nodes, emerged, memos about transaction costs, self-determination, power relationships and many other concepts were added and continually revised. This process informed the production of data outputs such as matrix queries, node and source classification reports, coding summaries, mind maps, word clouds and numerous other forms of data presentation that informed the findings.

This process subsequently determined, from the point of view of Native American respondents, the factors that have constrained, enabled or had a neutral effect on the buyer-supplier relationship. The Native American participants in this study, while all being located in North America's south west, did vary in terms of size, gender, annual turnover, employee numbers, geographic location, Indigenous cultural background of the owner/founder and number of years in operation. This multiplicity of respondent characteristics provided an abundance of primary data to analyse. While it is only a small sample and thus the findings are in no way generalisable, the interviews produced data from a diverse group of Native American owned businesses that reflects the diversity in the field.

Native American business owners' sharing of their positive and negative experiences of dealing with LPOs, provided evidence that led to deeper understanding of the factors underpinning inclusive/non-inclusive procurement initiatives for Indigenous suppliers. Common themes that emerged were: commitment of Native American owned business to self-determination through Native American employment; that experiences of Native American businesses with their non-Native American LPO buyers were often perceived as negative; that experiences of Native American business buyers were more often positive; and

that major challenges exist to successfully navigating a mutually beneficial commercial relationship with non-Native American LPO buyers. Native American business respondents also said that the way to improve commercial relationships with LPOs is for LPOs to strengthen their understanding of the context of self-determination and cultural values of Native American businesses and co-design culturally inclusive definitions of success.

6.5 Results of North American interviews

The results of the interviews are presented in alignment with the research questions. The open-ended semi-structured interview questions themselves, are designed to invoke responses that construct real-life relational experiences, from a Native American perspective, about commercial relationships with LPO buyers of their products and services. These responses are then assigned to the theoretical framework – IST and TCE variables. An aim of the interview process was to ascertain problems or challenges that Indigenous businesses are having and then to identify specific solutions that they understand or may have experienced themselves. Chapter 8 will provide discussion about the results and explain the relationships between the theory and the results.

6.5.1 Primary research questions: enabling and constraining factors

The interview questions aimed to ascertain the factors that shape the relationships between Indigenous businesses and large purchasing organisation (LPOs) buyers by determining the constraints and enablers of those relationships. Firstly, in order to understand the *enabling factors*, the first interview question seeks to invoke responses that construct real-life relational experiences that were positive. As a sub-query of the first interview question, the second interview question seeks to invoke the circumstances and of a specific positive real-life experience. The question seeks a description of conditions surrounding an isolated but positive relational incident. Both the first and second interview questions invoked evidence that helps understand the *enabling factors* that underpin relationships between Indigenous businesses and their LPO buyers. This line of questioning is consistent with TCE theory in that enabling factors have the potential to reduce transactions costs for both parties. Furthermore, it too is consistent with IST in that the questions help explain the enabling

factors from an Indigenous [business] perspective, as explained to and analysed by an Indigenous researcher. Their accounts of those positive, enabling experiences follow.

6.6. Positive, enabling experiences of Native American businesses

Darren discussed a positive experience when reflecting on winning a tender process to provide construction work for a tribal government. He overcame competition from much larger companies to be the successful bidder.

They had actually put out a contract for this community building - a diabetes related building to help teach diabetes awareness. It was a good-sized project for a small firm. We bid on it and actually won the project. You know, we had a big ground-breaking ceremony and a lot of the “big wigs” came out and helped them. A lot...leadership as well, we built the project.

Darren adds that not only was it positive because they won the project but also because the project was on a Native American reservation. The client was the Tribal government of his own tribe, his company completed the project on time and on budget, he created local employment for Native American people on the reservation and building itself was to help health care for his home community:

I felt that was positive because I felt more empowered because I felt like they were actually specifically looking for a Native firm. I heard about it, all the time, but you don't see it unless it's something like that. I felt more empowered like, yeah, we can, you know, do this. We can make a business out of this and, you know, being on the reservation network is a plus for us. And I think the reason it was so positive for me personally, was I felt like we put a lot of work into it, into the preparation knowing that it was specific to [names tribe] we thought, and you know, we were able to be within their budget.

Darren indicated that the empowering sentiment was in relation to self-determination and how his company was able to continue to that in a plausible way through the support of the tribal council. In the positive experience that David underwent that support came in a different capacity. It was an LPO professional that facilitated a commercial opportunity for his company:

...we got plugged into their procurement department and their Purchasing Officer was incredible with leading us through the steps, this was our first Federal subcontract. Their Purchasing Officer was incredible leading us through the steps of what we actually had to do to be qualified to be a subcontractor on a federal project and took us by the hand.

He adds that not only was the procurement professional extremely cooperative he also surmises as to why this was the case and how the positive experience initiated the growth of his company:

I think a big part of that was because we were a small emerging business and that Purchasing officer saw the opportunity to get somebody started right, instead of having somebody develop a lot of bad habits that they're used to having to deal with. They were able to put us on the right path from the very beginning. So that was just a key to our growth.

Darren provides a reminder that not all procurement professionals act opportunistically but can be very strategic in terms of the longer-term solutions for their LPO when engaging with Indigenous businesses. Strategic planning is service offering that Harrison professional services firm presents, and his positive experiences relate to his work with government clients:

I like making something out of nothing. Where there's no relationship and through my efforts, my energy, my resources and through strategy I am able to accomplish the task at hand. I find great joy in that kind of work.

Adding that:

We find that as we're working with government agencies many times they are not really connected to the community. They'd want to be...and having somebody that is, I find myself always connected to the community where they'd like to be. Having someone who is...I find myself always connected to the community. I come from the community, and I always make sure I return back to the community so that I can always provide that perspective. So, working with government agencies has been very positive.

Darren perceives his professional services company as a type of facilitator and conduit between government and the community where he can connect Native American people with government departments and agencies. The delight of creating these new relationships derives from providing both parties with new, exciting and possibly innovative opportunities to develop collaborative partnerships hence, building social capital within communities more broadly. A collaborative partnership, thereby with an education institution for Nadine, is central to a positive experience for her professional services company. As an archivist, she wanted to pass on her skills and knowledge to other Native American people interested in that field:

...having that ability to pass on some of the information that I've acquired over the years...it is the only program offered to students at any university within the United States on Indian records...so that is a specialty. On their completion of three semesters...they are certified by the Archivist of the United States. So, this is a big deal and I'm really proud. They come out fully trained to be able to go out into the field, working with the records and I'm very proud of that...I really treasure that. That's a really important key to my program.

Nadine indicates that having the ability to provide Native American communities with the opportunity to expand their knowledge in an area that she is passionate about is very satisfying for her, so the demonstration of the practise of reciprocity is clear. The other important element to this positive experience is the content with which potential archivist, she hopes, will preserve – Native American records that may be centuries old.

6.7. Negative, constraining experiences of Native American businesses

Again, the interview questions aimed to ascertain responses to the boarded research question about factors what shapes relationships between Indigenous businesses and their large purchasing organisation (LPOs) buyers in term of the constraints and enablers of those relationships. The following results were attained in order to understand the *constraining factors*, the first interview question is problems based, and seeks to invoke responses that construct real-life relational experiences that were negative. As a sub-query of the first interview question, the second interview question seeks to invoke the circumstances and of a specific real-life experience that was negative.

The question seeks a description of conditions surrounding an isolated but negative relational incident. Both the first and second interview questions invoked evidence that helps understand the *constraining factors* that underpin relationships between Indigenous businesses and their LPO buyers. As for the enabling questions, this line of constraining questioning is consistent with TCE theory in that constraining factors have the potential to increase transactions costs for both parties. Furthermore, it too is consistent with IST in that the questions help explain the enabling factors from an Indigenous [business] perspective, as explained to and analysed by an Indigenous researcher. Their accounts of those negative, constraining experiences follow.

John discussed his ruinous experience with a particular LPO professional who advised him to initiate a business gave him an undertaking his LPO would engage him, then reneged on the promise later:

I was encouraged to start my company by commercial accountants in California. So when I started my business I come back, he guaranteed me work. I started my business came back, and this was due to my American Indian status, and I said, 'I'm ready to go'...and 13 years later I never got any work from that company. I see that person every year. So, again, I think that there's a kind of 'hamper with no clothes', where these people are professional diversity people with no real ability to hire anybody.

The procurement professional reneging on his promise caused John severe financial hardship, however he did demonstrate resilience in that his company survived for over a decade. Again, an LPO professional was also the focus of Ryan's negative experience were the LPO agency tried to extort additional goods and services from the Native American business:

This particular customer would write or call after an order had been received, and - same with traditional bad customers – something's not there. Something's incorrect, and they're demanding a free replacement. They want free product for something that we had done wrong, when everything we had done was correct.

Ryan went on to discuss how this affected his team:

Somebody telling them they're doing something wrong when they are doing something right. The motivation and inspiration of your team in house is invaluable. You start losing that based on a negative relationship, and there really is no recovery.

Ryan and John not only overstretched financial resources the expectation of the business from an LPO, but suffered an enormous cost through humiliation by the LPO procurement professional. The financial and human costs to his company are similarly the focus of Harrison's negative experience, although it was due to institutional processes more so, than opportunism of the LPO procurement professionals. However, he does indicate that LPO professionals do influence the processes:

The one thing I've learnt with the government is that you have to make sure that you have reserves. Because sometimes it takes a while to get paid, sometimes it takes 6 months to 8 months or 9 months and if you don't have the reserves there you just have to like be really worried to meet pay roll and to cover expenses. I didn't understand it until you really had to go through it. There's even points in time I was saying 'well maybe I'll never get paid', and so, I was like man...there are some individuals, your go between, your monitor or your program manager, you have to kind of work with them. Everybody have different personalities. Some personalities are easy to work with and others are not. Unfortunately I had a couple people that were hard to work with.

Another negative experience was that of Darren regarding access to capital for Native American businesses:

Either you stay on the reservation and find work and try to find that, if it's there, if you do find limited work you're just using it to pay for your regular life, eating and caring for your family, but you can't actually make enough money to start a new company you go off the Reservation to build credit worthiness you have to go and buy a house or buy a land and try to figure it out and you don't have enough family or 'white privilege' that a lot of people do have. So you have to start off twice as low as an average person would so to speak, having to start from scratch and still cover your expenses for your home your family and still try to build up revenue to show your credit worthiness to get a loan.

Darren, while speaking in the third person, that is, referring to himself as 'you' and 'your' when discussing the negative experiences ensured, he provides insights into the poverty that still exists on many Native American reservations. Furthermore, he discusses the inability to raise capital because of historical factors and indicates the inflexibility and risk adverse nature of the financial industry. Currently Darren's business is headquartered in the capital city of his home state and fortunately he was able to obtain the assistance he needed, with his business continuing to enjoy success. These successes have emerged as a result of numerous networking events he attended and other positive experiences his company underwent.

6.8. Impediments to successful commercial relationship with Native American owned businesses

The below results emerged from an interview question that aimed to invoke reasons why relational interactions were negative and have those reasons prioritised. This interview question relates back to the research question about factors that shape relationships between Indigenous businesses and their large purchasing organisation (LPOs) buyers in terms of the constraints and enablers of those relationships. The following results were attained in order to further understand, not only the *constraining factors*, but also required a prioritisation of impediments to gain an understanding of their level of importance. The results provide evidence that help understanding important barriers by which Indigenous businesses are confronted. Furthermore, the results demonstrate that major challenges exist to successfully navigating, mutually beneficial commercial relationships with LPO buyers.

These challenges included perceived racism, onerous and large bureaucracies, access to communication with LPO professionals and negative buyer perception. The challenging nature of these relationship dynamics for Indigenous businesses are consistent with TCE theory in that they have the potential to increase transaction costs for both parties. Consistency with IST is also evident in that from an Indigenous [business] perspective, notions of racism and other barriers are described and understood by Indigenous people to find a way of ultimately improving it. Their accounts of those negative, constraining experiences follow. Table 5 below displays these and other challenges in order of significance to Native American owned businesses.

Table 5: Top ten challenging experience confronting Native American owned businesses

1 Perceived racism Overwhelmingly discrimination is the most important challenge for Native American business

2	Onerous and large bureaucracies	Consuming resources on finding appropriate procurement channels
3	Business size and capacity	Inability for them to scale and expand
4	Gatekeepers & decision makers	Limited or no access to LPO procurement professionals
5	Negative buyer perceptions	Conscience and unconscinded bias against Native American firms
6	Access to capital	Inability to acquire resources to survive and thrive
7	Policy - practice tension	LPO actions do not align with their rhetoric
8	Communication	The way in which LPO disseminate information
9	Certification and accreditation	Cost, benefit and process of formalising the numerous affiliations required
10	Intertribal partnerships	Native American suppliers operating jointly across territories

In terms of perceived racism, Avery contends that Native American businesses are often overlooked or neglected when trying to negotiate information technology opportunities saying that:

You go into the Conference and then you have all these businesses that say they want to do business with the Native entrepreneur... they point you to a website and they say go sign up for our Diversity Program...not an actual "sit down", what do you do? These are the opportunities that are available that you're able to fit into, these available programs. It doesn't seem like they're, maybe they're basing it on some of their history. I don't know, but it doesn't really seem...it's not really an authentic outreach from the corporate side.

Avery further suggests that LPOs may have had a previous negative experience with a Native American business and are responding to current opportunity with his company based on those experiences. The LPO is not forthcoming in a genuine way, directing him to the generic customer management system. David had a similar experience when discussing his training and education company with a potential LPO customer during a telephone conversation:

When I told her that we were 100% Native American owned and operated...the tone of her voice changed, her interest level evaporated, and she was no longer, at all, interested in talking to us as a business.

The reaction of the LPO professional in this case signifies there could very well be racist attitudes emerging. Harrison, an owner of a professional services firm, puts this type of behaviour down to the individual in the experience he had:

You know, just personality differences, you know, the little bit of sarcasm, you know and some unnecessary comments. I wouldn't reflect the department on that I would reflect it on individuals and persons.

Harrison articulates that he would not attribute the racism he was confronted with to the institution, but rather the behaviour of the individual. This is in contrast to John who suspects this type of discriminatory attitude by LPO professionals is to do with prioritising other minority companies over Native American owned firms and that negative perceptions emerge:

And the other barrier which is, frankly, the status of certain minorities in the United States. Some are more preferred than others in the procurement process, and that's just reality. Native Americans are on the bottom of the list. There's that feeling in the United States, that, if you're a diversity company, you're not very good and only there because you're a diversity company.

John considered that Native American businesses holds the lowest of priorities of any minority business by LPOs while simultaneously being regarded as being incompetent or inept. The negative perceptions of LPOs towards Native American business correspond with what Darren thought:

...most Federal or private entities look on a minority business as not being capable to do the work for the project. And they look at that as the lack of education, and like the stigma that goes along with being an Indigenous business owner.

The thoughts of Darren, who owns a construction company, are mirrored by Brian who provides training and education through his company:

We have a really stiff and tough competition to be able to win awards...if there is a way for them to recognize that we are just as capable or maybe in some cases, that we are maybe even more so. But that's because maybe they look at us as coming out of...coming from a social or economically depressed areas. That maybe we didn't have enough education or enough schooling, enough certifications and so on, to be able to develop a good product, a good service. That's the kind of...in that sense it's kind of like profiling - I think that could be a problem.

The stigma, profiling and general negative perceptions of Native American businesses pointed out by Brian and Darren could be intergenerational for Native American business owners, as Susan suggests:

...I think about if my mother was trying to get into this business or an aunt of mine that was trying to get into this business, without a college degree or trying to make these relationships they would not have the same access even though, the system isn't right yet.

Susan further suggests that LPOs have had negative perceptions of Native American businesses for at least two generations and states that:

It's an injustice that we don't understand and recognize that we have native entrepreneurs who are able to build multi-million-dollar businesses.

With this statement, Susan said some negative perceptions toward Native American businesses could unjustly deprive Native American communities further opportunities for self-determination through economic development via a chance to enter a commercial relationship with LPOs. Although, for Native American owned businesses, as this thesis has found, some LPOs are very cumbersome, complex and difficult to navigate. Susan said:

If we're not selling, we don't exist...if we can't get into the systems and continue to update to maintain to search for RFPs and RFQs and procurement opportunities...then how are we supposed to check every single system every single day...for hundreds and thousands of businesses in the private sector, Tribal governments and federal government agencies.

Susan conveys and is frustrated by the complexity of simply updating their business records and searching for opportunities. This is reflected by other Native American businesses, including June:

...maybe I'd say they don't have one website that I can go to and find out all the contracts in Indian country for social media companies. It's kind of like you almost have to know people... I think, one, just knowing about projects and work that's out there in Indian country that's hard.

Both June and Susan said that not only is government contracting complex, but Tribal Council procurement processes are complex as well. In terms of government procurement, Avery talked about the variation between government ordinances in construction:

I think as far as local governments... city governments, they have their own ordinances and a lot of the time they won't have any disadvantaged business type...it's limited so it's not actively pursued. It's more pursued through the federal government the state government because they [local government] don't really push it. It depends upon what state you're in, if you're in New Mexico there's more activity as far as being a disadvantaged business to what I know in Arizona because the policies...it's more conservative the mindset...you don't get any special treatment as far as being a minority. All the minorities are out for themselves, there are so many different tribes, so many different situations and so many different policies.

Complexity - that is, onerous and large bureaucracies - is a common impediment not only for Native American business but small business and government contracting in general (Adobor and McMullen 2007; Deakins et al 2007; Dollinger and Daily 1989; Fawcett et al 2008; Ram and Smallbone 2003). John makes this point:

In the United States the process of how you physically work through their contract system...you have to take a class, that's not simple. You have to understand, you have to get registered with the right databases with the government at all levels. You need help with that and you can't do that on your own. You can't just pull that up on the Internet and figure it all out.

John also characterises corporate LPOs as being complex to navigate, and suggests there is opportunistic behaviour:

...but I do think corporate America is particularly...don't want to go to the trouble of incubating you, but they "talk the talk". You spend a lot of money and you have to be very careful in how you invest your time and money in your small business chasing these rings, unless you're guaranteed 100% that you'll get work at the end of the day.

Being cautious about how Native American businesses distribute limited resources could have critical impact on transaction costs (Carter and Hodgson 2006; Gibbons 2010; Williamson 1979) and communication with appropriate procurement professionals can be difficult. John suggests that;

When you try to work with them in procurement, you have to try to crawl through procurement once the diversity...if it has no power inside that company you become an accounting function, a CFO function.

What John is conveying is that the function of procurement, from his perspective, is one of compliance rather than one of engaging Native American business in their supply chains. Procurement professionals simply have a transactional role rather than one of inclusive procurement and are located at arm's length from the diversity staff that is at the interface. For this reason, both have been categorised in this thesis as *gate keepers* who determine who can entry commercial relationships with LPOs. Shane discusses the limited opportunities that Native American businesses have to communicate with LPO professionals:

...just being able to be brought into...in front of people that don't know your work or know you. Being able to present yourself and show the type of work that you do for other companies and other businesses, getting an opportunity to be in the room with these people, these decision makers.

Shane almost appears animated when Native American business opportunities are provided by LPOs. Susan agrees, and reinforces the importance of accessibility to information that enhance the economic progress of Native American firms:

I'm speaking it's from a place of privilege to have access to be able to leverage it into sales...have the same access to decision makers that could then equate to profitability.

Avery indicates that not only is communication important, but the quality of the information is equally significant:

I think the first part is access to information and access to the correct type of information...

Brian also talked about the consequences that flow from Native American businesses being omitted from 'inclusive' procurement opportunities:

We're not given that opportunity. We go in and do other things and help other people, but we know for a fact, that our own people could use us, could use our help. In that regard, I think that they lose...our people, not necessarily our tribal council, but our people actually lose in the end - our tribal members.

These responses suggest that Native American people and their businesses are disempowered because of the lack of information being communicated to them which places them in a weaker negotiating position compared to other businesses when procurement opportunities with LPOs arise. This would certainly lead to having undesirable or detrimental commercial relationships with LPO buyers in the future. To overcome challenges that confront Native American businesses suggested several solutions during the interviews.

6.9. Solutions to counterproductive commercial relationships

In order to understand the *enabling factors*, that underpin relationships between Indigenous businesses and LPO buyers, interview questions asking for respondents' views of possible solutions were asked in the one-on-one interviews. These questions sought to invoke responses that detail how respondents seek to minimize or overcome barriers. Some of the ways to overcome challenges identified by Native American firms are initiatives that: reduce the incidence of racism – perceived or real, through developing deeper understanding; lessen the issues of complexity as Native American businesses would have intimate knowledge of LPO systems and processes; improve communications with Native American suppliers; reduce the perceptions that LPOs are not doing what they say they are going to do; give LPO

professionals a more profound personal insight into the capacities and capabilities of Native American businesses, hence eliminating negative perceptions; and, provide Native American businesses with direct access to decision making LPO procurement professionals.

The line of questioning presented in this section about solutions is consistent with TCE theory in that enabling factors have the potential to reduce transactions costs for both parties. Furthermore, it too is consistent with IST in that the questions help explain the enabling factors from an Indigenous [business] perspective, as explained to and analysed by an Indigenous researcher. What follows are their accounts of how to overcome these counterproductive challenges hence, enabling positive relationships between Indigenous businesses and their LPO customers.

In relation to understanding self-determination and cultural values of Native American businesses [a constraining factor discussed in the next section], Brian discusses a holistic approach to conceptualising the impacts of colonisation on Native American economy:

We put out a lot of training courses...we'll provide you technical assistance and answer your question...we're providing continuing technical assistance because it's part of our service to give you that knowledge, so it's part of that full circle that we do.

When asked about the quality and longevity of his training, Brian added that their source of knowledge about Native American businesses is attained through their personal and professional experiences as functioning Native American people:

I think it's just persistence to being able to say that we are better, because we're in the trenches out in Indian country. We, we teach practical knowledge, we speak from experience because we are Native. We're in the trenches out in Native, Indian country...those people are not.

While Harrison discussed education that his service provides through his company he said that:

Sometimes when I provide technical experience to others there was a guy that got 2 to 3 hours but really needed 7 hours, 10 hours to really work with them. They had more issues, they needed more training they had to let them know there's more to it

rather than what they're just learning. They've really cut down on technical experience, which I think puts the vendor in the position to where they're making mistakes. If they make mistakes I ultimately believe it's the vendor's responsibility but I also believe it's the Government's responsibility too. You can set someone up for failure if you don't provide them with the right information.

Both Brian and Harrison indicate that LPOs need to undertake an educative process to understand Native American economies past and present, and that it is a vital process that will prolong positive commercial relationships for both the supplier and LPO buyer.

6.9.1. Networking and collectivism

In terms of networking Ryan discusses the benefits of networking:

The best way that I've found to get in the door so to say are the support systems that I've found. Bringing those buyers, not just me going to those buyers but me going to the buyers and bringing those buyers to us. It's the network, the Native network that drives and supports all those big-ticket sales.

Ryan described the support available through Native American networks is financially and socially important to his company. He adds:

Even though my business isn't the same as the other businesses in the network, we all work together, and we don't step on each other's toes. It's all for a better good, so find that network and if there's not a network there then establish your own network and start your own network and build your own network and grow it, because some time you're going to have to reach back into that network.

Ryan further deliberates on the importance of diverse Native American stakeholders within those networks and how they can be called on when needed. Furthermore, he suggests establishing new networks which have the potential to grow the collective efforts of stakeholders for the greater good of Native American communities. Shane reflects this:

It just becomes a big business family, of partners and people that know what you do, and they know that you do it well and that's how you get clients. That's how we've survived is by word of mouth, doing work for people, non-profit work for non-native

companies and we seem to have kept the business going that way. I think you have to put down any guards and attend as many events as you can and network. Some of them are positive in the end. It's all about getting the word out about what you do and who you are.

Shane indicates the collective nature of networks and the personal interaction that come from attending these networking events has enhanced opportunities to progress his business. He adds:

Attending conferences, like the Nation Centre puts on, like the RES or even small municipalities puts together conferences for procurement or even networking in their chambers. Chambers are good as well to network with, for a few dollars a month you could probably network every week of the month meeting new people around all the chamber just here in [names city] and you have to take advantage of that.

Shane suggests that networking events at both a national and local level are crucial. This presents a diversity of events LPO professionals ought to attend to meet with potential Native American business partners. The cost effectiveness of commercial relationships is central to this thesis and the cost of Native American businesses attending events can consume their resources.

6.9.2. Set-a-sides

The importance of procurement targets to address Native American disparity, discriminatory exclusion, perceptions of racism and marginalisation, set-a-sides are endorsed by Native American businesses as a possible remedy (Cornell and Kalt 2000; Cornell and Kalt 2010; Indiana Department of Administration 2016; Keen 2015). This result has the potential to further encourage the development of commercial relationships between Native American firms and LPOs that can provide by-partisan commercial value. Darren said:

I think the most helpful tool is really the federal government when it comes down to it, they saw that there was a need, all these Indigenous people all these minorities...they thought that there was a need to have some equality they needed to have. Most Native Americans, they don't have that backing, that stability, to give

economic start-up, they saw that as a need, so they created a lot of programs that would help.

Darren adds that a grading system for engaging Native American business in the procurement process would be a positive for Native American companies:

...like the SBA programs the disadvantaged business programs lots of those that were designed to assist, small minority companies that were specific to Indigenous people so they were saying you know what let's give them set aside projects or certain percentages on a private project...if you're in a minority you get five extra points, on a one hundred point scale for interviews, I see now that the federal government has really stepped in to push.

Darren, while endorsing set-a-side programs, he also acknowledges that Native American businesses face complex challenges and the federal government grading system is a positive way of impacting procurement decision making, hence enhancing commercial relationships between LPOs and Native American businesses. Avery agrees that federal government is doing well with set-a-sides but notes other buying jurisdictions could be sincerer with their set-a-side programs:

similar to federal, there are some set asides and some opportunities where minority owned businesses and Native American businesses have a better opportunity to do that work. I think that would be a plus.

John said that LPOs should be genuinely committed to set-a-sides as well:

it's all those things...but I think if they're going to be serious, if any corporation can be serious, they have to look at providing small business real work and set-a-side a budget to do so... they need to have dedicated diversity programs that have teeth and attend the conferences. But have they need to have a budget.

He continues:

But those organisations can make very specific by cultural set asides. For instance, this group will just be Native American, and this group will be just Latino, and this group

will be just Asian. That way you can get into a swim lane and it's easier who you're working with.

Here John is suggesting as a solution that sees LPOs dissecting their diversity spend into categories in order to determine who is best suited to potentially form commercial relationship with not only Native American businesses but other minority businesses as well. This, he indicates, could meaningfully reduce complexity challenges.

Ryan, makes a similar point, citing a women-owned set-a-side program administered by the state of Virginia and how it differs from the federal government:

Through the state of Virginia, so all of their colleges are in that program, all of the big procurement agencies DOT (Department of Transportation), DOS (Department of Safety), all buy through that SWaM [Small, Women-owned, and Minority-owned] organization. You get SWaM certified and it's just like a Buy Indian certification, a Woman Owned certification, but that is through Virginia as a state that isn't a federal run, that is a state run and if other states could model programs after that I do believe that there could be a lot more incentive and a lot more growth in these Native American companies.

This adds to the complexity for Native American business engaging with state government LPOs. Set-a-sides are inconsistencies between jurisdictions, which is highlighted here by Ryan:

I do believe the Federal Government is doing their job. Oklahoma as a state does have their own initiatives for doing business with Native American and tribal owned companies. That's Oklahoma, and we're well known for being a Native American state. That's not true in Texas, and that's not true in Kansas and that's not true in Arkansas. Several other states appear in the North America that don't have those programs. At the state level I do feel that there is need for better programs or incentives or those laws and regulations to drive their departments who are spending those state funds, who are spending federal funds to utilize those resources, those minority companies whether it's Native American or otherwise, obviously my preference would be Native American.

Addressing inconsistencies at the state level could be problematic, given the political, socioeconomic and cultural influences of state entities, but it would certainly provide Native American owned business sector with a certain amount of reassurance if they know that bi-lateral agreement could be reached in a holistic approach to Native American procurement across state jurisdictions. Such an arrangement would require immense will and much human effort with the involvement of numerous key stakeholders. The human effort of LPO procurement professionals' points to another solution that Native American businesses have formulated that could change the way current procurement practices are undertaken.

6.9.3 Human agency and Indigenous procurement

Relating to interpersonal relationships, June provides an example of how she perceives this type of relationship as an artefact of the trade experience:

with the clients I've worked with, I would say would be, almost all of my contacts have been through personal relationships or just networking and I think that's how, especially in Indian Country, how a lot of business is done, through your relationships with people, we're all about, how am I related to you or if you're from a different tribe, and I know so and so. I come to realize that it is a commodity, a valuable commodity, in having tribal relationships. As Indian country is doing business more and more with outside companies, [LPOs] are realizing that they don't understand the cultural nuances of working with different tribes.

Avery discusses his relationship with a client which is an authentic partnership as opposed to tokenistic:

I have actually a good personal relationship with those folks and they do, not just for me, but for other folks, they want you to succeed they want to help you to get those contracts. They'll do the handshake, the handoff for you to get in the room with those decision makers. They're not just there to fill a quota.

David agrees and describes how he and a procurement professional discussed private matters at the commencement of the relationship:

I just think in the conversation that we made a connection and of course when talking about our business and trying to promote our services we always mention that we're

a veteran-owned small business, that we're a native-owned small business, and I think just in the conversations we had about those things, we were able to make a personal connection, and that Purchasing Officer, [names procurement professional], was willing to have that personal connection and was willing to hear those personal details.

David continues, adding that deeper conversations assisted his company continue the relationship in a mutually suitable (or culturally way) way:

The person in the corporation was willing to step out of the corporation and into a personal relationship. It's still a business relationship, don't get me wrong, but it was two *people* on either ends of a phone, not a mega-corporation and a small business. We got to the point where we were starting to share with each other *who* we were, not just *what* we were. Their purchasing officer was incredible, leading us through the steps of what we actually had to do to be qualified to be a subcontractor on a federal project and took us by the hand...they were able to put us on the right path from the very beginning.

Ryan strongly advocates interpersonal relationships to overcome relational barriers between Native American supplier and LPO buyers and how Native American firms differ:

We've had a lot of positive relationships, a lot of positive business and personal relationships through this company that have driven the business forward...just being people with people, and having those other people look out for us, and keep eyes out for opportunities that we might not be able to see. So just creating and maintaining positive relationships with our customers has always resulted in positive results in our business side of things. Because, when it boils down to it, regardless of the product, or the business, its people doing business with people. If you can be a person, that genuine person, that typically works out to the benefit. Because to [names a multi-national supply company] you're a customer number, to...Native American companies you are a personal relationship.

John highlights the depth of humanising the commercial relationships and how it distinguished from other elements within the interchange:

To be fair, these people who were both partners and customers they had become friends and had given us an opportunity to prove ourselves with small programs at fairly large companies in the United States. So, it's all about personal relationships. Again, we were not a unique business. We did not have a unique story other than just being experienced people in technology, but the world is full of people who are experienced in technology, so this was all about personal relationships.

Brian discusses how economic engagement requires genuine partnerships, collaboration and cooperation:

Yeah, in that regard we're not really dealing with the IBM, the Xerox Corporation's. We're partnering with other professional organizations like CPA firms, attorneys and so on, engineers. In that regard we have actually become a team. We have the agreements that we have to do, the MOUs or MOAs and enter into what they call NDA's [non-disclosure agreements] about sharing information which we just keep among the partners. In that respect we feed off each other's abilities and use that to provide a team, a working team.

Susan said that building rapport and trust were key to her having positive experiences:

We do have clients, but they've come through relationships and not from any of the formal programs setup to do business, setup to mainstream, it's just through, literally personal relationships. I think complete likability, I mean really people are saying, 'we believe in what you are doing...we trust you, we like you, ok come on we'll give you a chance'...

David said that personal interface was crucial for his firm:

We got to meet one-on-one and sit down face-to-face with the actual procurement directors from several government agencies and hear what they're looking for from us, so that we can overcome their largest hurdles. And that was invaluable, of course at RES Oklahoma...we've been able to sit down, shake hands, and have a cup of coffee with the decision makers, with the policy makers for government organizations that are able to do the same thing.

Native American respondents unanimously agreed that one-on-one, in-person consultation prior to, during, and post after commercial arrangements was very positive and essential to the bi-lateral success of their supplier buyer relationships with LPOs.

6.10 Secondary research question: Understanding inclusive procurement and self-determination

The secondary research enquiry, questioned the extent to which inclusive procurement promotes and or, understands Indigenous self-determination. While a specific interview question about Indigenous self-determination was prevented [because it was excluded in the Dollinger and Daily (1989) study, on which the present research was modelled], responses to both enabling and constraining questions allowed the self-determination narrative to emerge. The emergence of these results came about because of the nature of open-ended questioning. The results about self-determination is consistent with TCE theory in that constraining factors, such as racism and discrimination, as a result of limited understanding of Indigenous self-determination and cultural values systems, has the potential to increase transactions costs for both parties. Furthermore, it is consistent with IST in that self-determination is central to its principles. These principles are realised whereby Native American cultural values underpin their business practices and enables the assertion of sovereignty. Respondents accounts of experiences about self-determination follows.

One Native American participant, Ryan, a second-generation family member and son of the founder of the technology company, speaks of this business and culture ethos directly. He raised issues about the importance of communality, self-determination and providing employment and training opportunities for Native American people when establishing their business, stating:

Her goal when starting the business was to, bring jobs, in the, fields of expertise that we're shooting for initially – the office supply and technology, to Native America, and to empower that group because we saw too many of our Native brothers and sisters leaving." Adding "So what we have done with [names business] is actually brought that market to [names the region], as well as creating these jobs and impacting the local communities in a positive manner, whereas those dollars would have left the

community otherwise, and been in different, communities that aren't in Native America, and aren't supporting Native American families.

It is evident that his mother, who founded the company, intended to empower and support local Native American people and communities through employment, bringing new expertise to their home region and create an opportunity for local Native American, economic growth. June discusses below how her company and her customer had similar values relating to improving Native American communities through engaging Native American businesses:

...it was an alignment with my company's values and that my company exists to make Indian country better. So that a lot of these tribal governments, NFP's organisations and tribal economic departments were looking for someone who was native, who provided these skill sets.

June highlights the importance of why Native American businesses exist and how they can contribute to their communities through economic relationships. Using language such as "make Indian country better" and "looking for someone who was native" indicates a strong sense of communality and self-determination for Native American business. Harrison discussed his professional services company's ability to assist other Native American people with their own self-determination aspirations, and his company's ability to advocate on their client's behalf:

We are very fortunate to be working with Native American organizations and groups and tribes that are working towards their path of sovereignty among their efforts. We find ourselves within our company always involved in making sure voices are being heard. So many times voices are not being heard and they're being neglected due to the powers that be.

Harrison also indicates that self-determination is about asserting Native American rights within commercial power relationships, inferring that Native American businesses could at times take a rights approach to economic relationships. A training and education company, Brian, again expressed the importance of Native American empowerment through economic participation:

...basically empowering tribes to become more knowledgeable, to become better managers, better service providers, which includes more powerful contractual relationships with the Government.

Furthermore, Brian said that Native American businesses investing knowledge and skills within Native American communities can “provide an opportunity to improve service provision”. It is evident that the sense of communality and self-determination for Brian’s company are key motivating factors for his business, particularly when negotiating with the state. Ad

Susan, who owns a business in the construction industry, discussed self-determination and restricting the dependence on the federal government in relation to her company being able to decide how she would use federal government business allocations, rather than going through an agency:

...it needs to be direct funding to entrepreneurs, even on a smaller level, so that they can use self-determination and self-governance of their own businesses to make the decisions that fit them; instead of passing through these organizations through grants and through these Federal programs to where it never hits the entrepreneur.

Susan indicates that Native American businesses as a sector have the ability to determine how best to utilise these funds and that agencies of the federal government may not. Using terms like “their own businesses to make the decisions” again refers to the sense of communality among Native American businesses.

The importance of communality for Native American businesses was particularly noticeable and provided the conceptual link between self-determination, family and the economic imperative of Native American firms. Brian quantifies Native American self-determination and values and how these concepts underpin Native American entrepreneurship:

We have a saying at [names tribe], about going out. Go out and learn, educate yourself, learn the white man’s language, learn the white man’s ways and so on, and come back and be our voice, be our mouth piece, be our eyes, be our ears, and speak for us, do things for us - that’s what we want you to do. You can become educated and come back and help us.

While from a different tribe and industry John had this to say about Native American self-determination, business values and how these concepts underpin Native American entrepreneurship, allowing him to conduct business with his family and tribe philosophies:

We have what we call our three laws, [proves a language name for the principles and values]. [The first principle] means to be a man of your word, to give of yourself, to speak the truth, not to lie, not to be deceiving. [The second principle means] always give of yourself, being giving is also being productive and strategic, and making sure that what we do comes back in terms of the universe - the more positive you do, the more comes back to you. And the last [third principle] is to have very strong work ethics. The worst thing that could be told to you from a member of my tribe is that they're lazy. So we always try to find ways to learn about our mistakes and grow, so we can be active individuals and be individuals that make an impact.

John points to trust, reciprocity, obligation and honesty as values that underpin Native American firms, adding that being an active participant in community life and continuously improving elements of the business, also contributes to improving the way Native American firms manage commercial relationships. Because Native American businesses are strongly influenced by self-determination and a cultural value system, they do face numerous obstructions when engaging with LPO buyers. These impediments are likely to constrain commercial partnerships and increasing transaction costs for both parties.

6.11 Frequency of themes for Native American businesses

This section provides a visual overview of the analysed data. At the risk of repeating oneself, the process went as follows. The interviews were audio recorded then later transcribed. These transcriptions were then uploaded into NVivo and analysed. The analysis included coding narrative passages into parent nodes [the experiences of respondents] and child nodes [the circumstances under which the experience took place]. During the analysis process memos were continually being made to build themes and patterns using mind maps and data outputs from matrix queries. The following visual overview is a result of this process and presents emergent themes. These representations of the data are descriptive and will be further analysed and discussed in the discussion chapter.

The doughnut Chart in Figure 16 below summarises the overall percentage of all responses relating to factors that underpin positive relationships between Native American businesses and their LPO customers. It demonstrates that trust and reciprocity are clearly the most important factor that underpins better practices when dealing with Native American owned companies. Personal relationships, Intertribal transparency and the way in which information is communicated is also critical. Factors that are less prevalent for Native American businesses are pre-existing relationships with LPOs, recognition by LPOs about capacities and capabilities and, business certainty.

Figure 17: Top 10 factors that underpin positive commercial relationship for Native American businesses

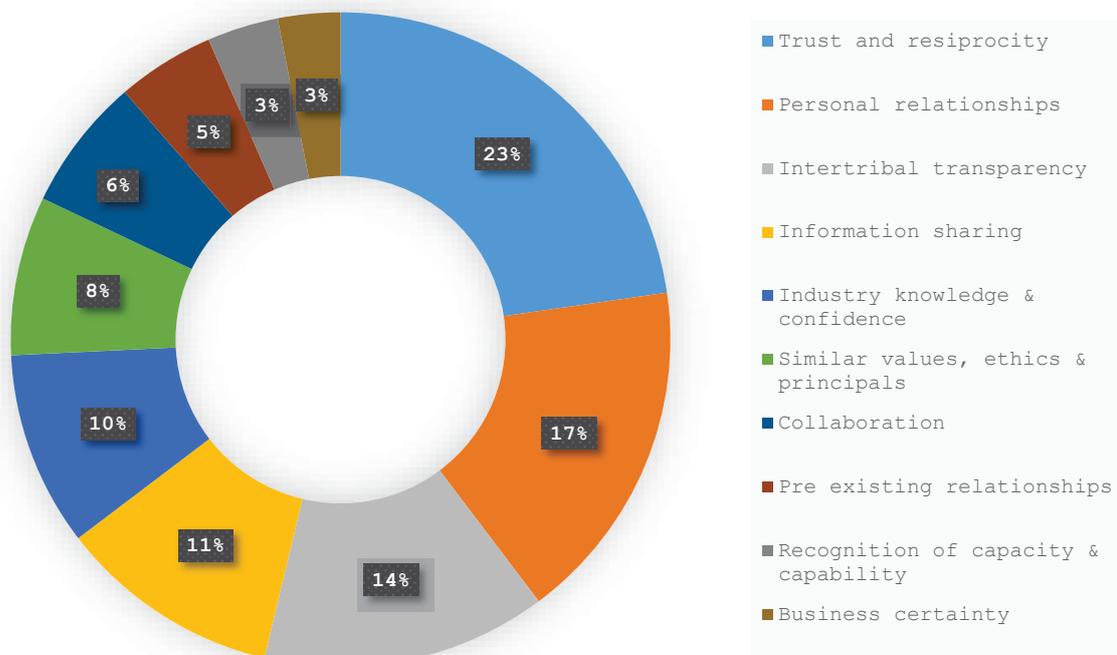
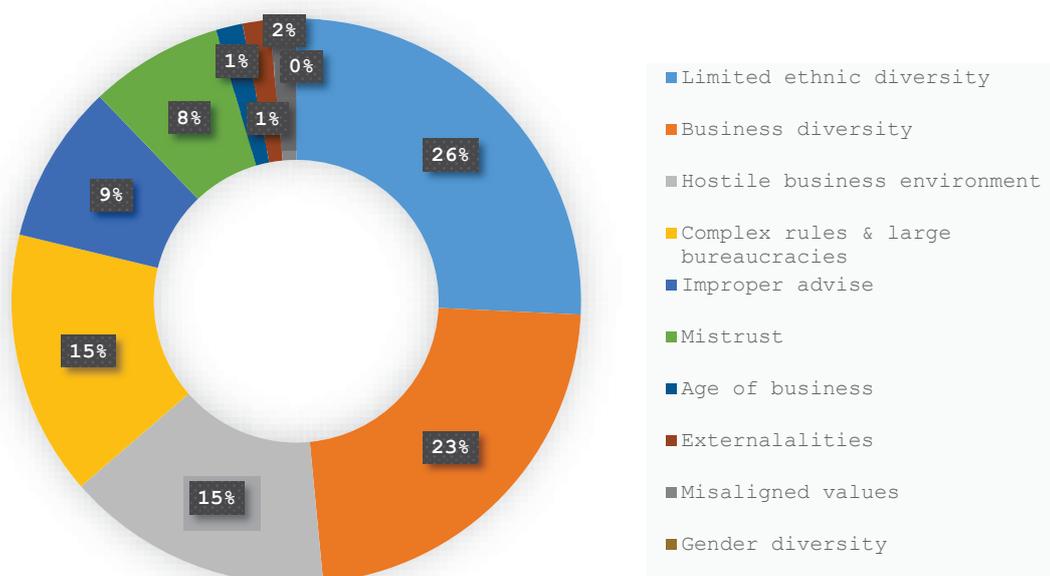


Figure 17 below summarises the factors that underpin negative relationships for Native American businesses and their LPO buyers. It demonstrates that limited ethnic diversity within LPOs and the limited nature of their own business diversification underpins negative

relationships with LPO buyers. In terms of TCE, this highlights the issue of small numbers. A complex and hostile environment are other important factors that underpin negative relationships. Other factors include poor advice, mistrust and misaligned values. Externalities and the length of time a business has been operating are also common.

Figure 18: Top 10 Factors that underpin negative commercial relationship for Native American businesses



The Figure 18 below summarises the top 10 challenges for Native American businesses and their LPO buyers. It demonstrates that perceived racism is the top challenge. As shown in Pie Chart 789 next attending tradeshow and networking events are important yet in this pie chart it is difficult to attend. Onerous and large bureaucracies are another major challenge for Native American businesses as is their own business size and capacities. Access to decision makers is also a major challenge. Another major obstacle that is unique to Native American businesses is the notion of intertribal division. Other challenges include the way in which LPOs perceive Native American businesses, access to capital, cash-flow and the tensions between what LPOs are saying and what they do in practice.

Figure 19: Top 10 challenges confronting Native American businesses

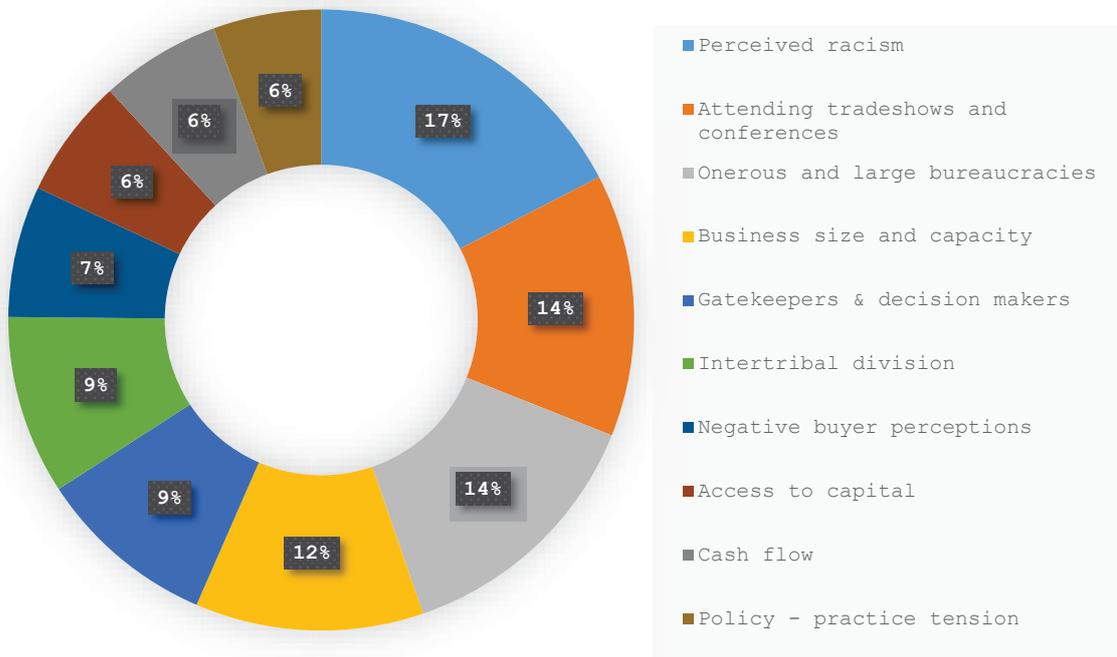
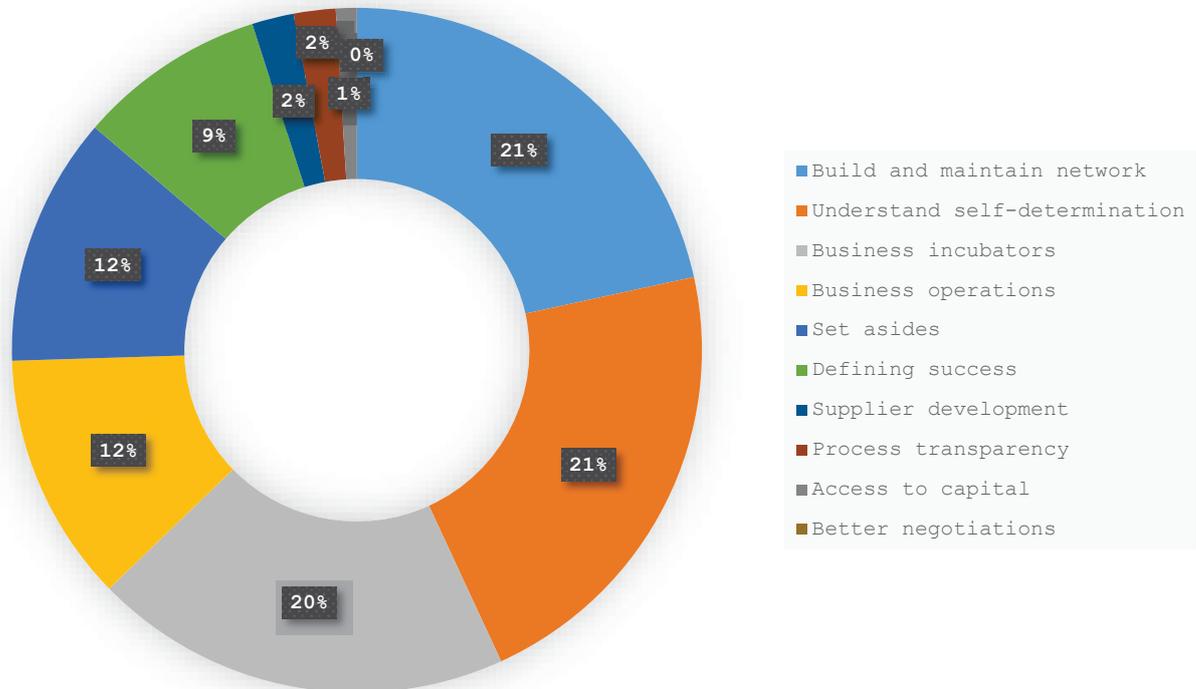


Figure 19 below summarises solutions that Native American businesses have put forward. These can be summarised as:

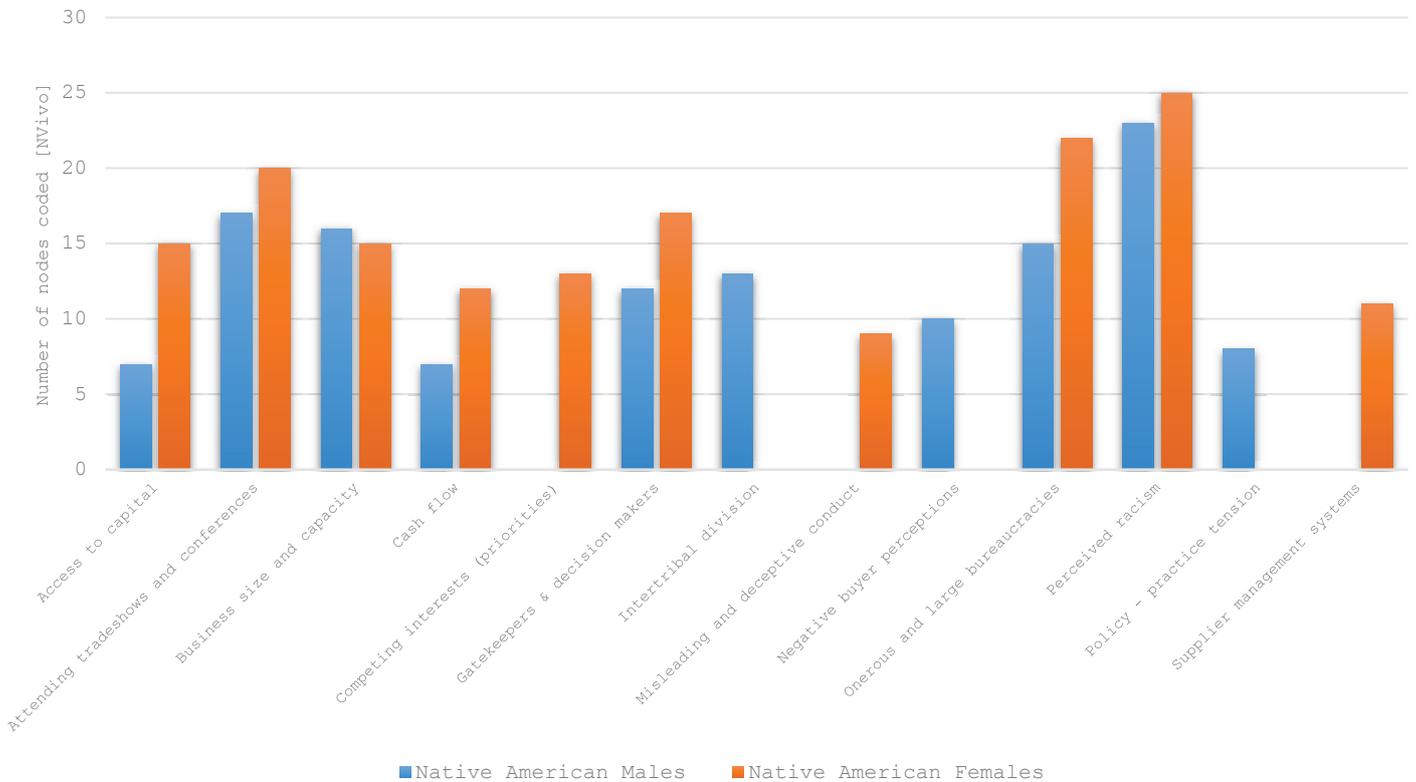
- Building and maintaining business relationship networks
- LPOs learning to understand what self-determination means
- LPOs providing business incubators for Native American communities, from an Indigenous perspective would reduce transaction costs.
- Assisting Native American businesses to scale-up through supplier development initiatives
- Improving the way set-a-sides are operationalised and both Native American businesses and their LPO buyer coming together to co-design success are all solutions that are, if realised can improve opportunities for both parties.
- Being transparent with Native American business, improving access to capital and improving the way negotiations are carried out with Native American business is also important solutions put forward.

Figure 20: Ten solutions advocated by Native American businesses to reduce transaction costs



By way of in-case comparison, Figure 20 below displays the challenges of Native American males and females to understand the similarities and difference in order to propose solution that are appropriate. Some of the main characteristic include the similarities and number of perceived racism; likewise attending tradeshows and network events and concerns about business capabilities. Some of the differences are that male respondents are more concerned about negative buyer perceptions, inert-tribal division and policy – practice tensions, while female respondents are not concerned about these confronting issues at all. Conversely female respondents are concerned about misleading and deceptive behaviour, supplier management systems and have competing interests while male respondents are not concerned about these issues at all.

Figure 21 Comparison between Native American males and females by challenges



6.12 Chapter summary

A key finding from the analysis of interviews is that Native American businesses are, regardless of the categories mentioned above, seek to base themselves on principles of self-determination (Behrendt 2001; Cornell and Kalt 2010) and the cultural values of Native American people. This foundational standpoint distinguishes their firms from mainstream businesses, as these philosophical influences guide Native American people from business start-up through to the maturity stages of their business life cycle. However, Native American businesses have experienced numerous challenging encounters with buyers. Ten of the eleven participants reported discriminatory, ignorant and even racist encounters that has negatively impacted their commercial relationship with LPO buyers. Perceived racism; and negative encounters with large bureaucracies, gatekeepers & decision makers, and buyers. When asked about negative experiences with LPOs, an overwhelming majority of respondents indicated that they suffered some form of discrimination while conducting business.

Furthermore, the participants felt that the LPO professionals made empty promises, behaved in unethical ways, suppressed contractual conditions, and that believed that some LPOs held negative perceptions, real or otherwise, about Native American owned firms. These issues resulted in Native American businesses being more hesitant and cautious about their commercial relationship with various LPO buyers. They also reported that they believed the profit motive of LPOs was prioritised over cultural values such as reciprocity, communality, familial obligations and the continuity of social capital for Native American businesses.

The results in this chapter also show the extent to which Native American businesses are based on principals of self-determination and Native American cultural values which differentiates these firms from other non-Native American owned businesses in North America. These are the values that underpin a form of resilience and have helped each Native American business to flourish for well over ten years.

Projects that had positive impact and outcomes for Native American communities and the potential to improve 'Indian country' were positive experiences, for example, creating local employment opportunities or construction of a health facility that improves access to health services for Native American people. As a result of these types of commercial relationships, respondents felt empowered in that their Native American owned business is able to contribute to the social good of Native American communities and they were hired to do so, in many cases, by Native American Tribal Governments. This is the notion of empowerment through self-determination, hence became manifest. The sense of empowerment is because many incidents where businesses were personally assisted by procurement professionals which informed and directed their resources and capabilities. A recurrent positive theme for most interviewees, is this expression of how principles of self-determination are played out. For a number of participants, being connected to the Native American business [and broader] community gave their commercial pursuits a purpose and connection to their network, a sense of accomplishment. The positive experiences were underpinned by shared values or cultural match, that is, Native American business norms are matched with the institutional structures of LPOs (Cornell and Kalt 2000). One way to gain understanding of each other's values and norms is through education.

The main underpinning factors that lead to positive relationships were concerned with humanising the commercial relationship. That is, taking the time to build and maintain a personal, trusting and reciprocal relationship based on Native American principles and cultural values. This approach would be mutually beneficial. Part of that benefit to Native American business owners, would be the further development of social capital within Native American communities. While these challenges may be common across the small business sector, for Native American business they are magnified and even multiplied because they consider racist attitudes towards them and their companies maintains those challenges. To address these challenges, Native American businesses propose that building and maintaining their networks, improving the business operations of LPOs by adapting the principles of self-determination into the commercial relationship may resolve challenging issues. This can be achieved by LPOs in several ways including clarifying the technological verses human needs of the relationship, improving the way an approach to market is disseminated, better engagement with existing Native American peak bodies and undertaking cultural education about Native American self-determination and values that underpin commercial relationships. Once LPOs understand these principles and values, relationships can be beneficial for both parties and can produce unprejudiced commercial relationships (Fawcett et al 2008; Griffith and Myers 2005).

After reviewing the above-mentioned results, one way to potentially overcome many of the challenges of Native American respondents, LPOs need access to culturally appropriate seminars, workshops and other educative programs. This would raise not only their awareness of the nuances of Native American cultural realisms, but also develop their communication skills and strategies while enhancing their knowledge of Native American economies, all with a view of positive attitudinal change. A component of the educative process would be to clarify what collectivism and social capital means to Native American businesses since these are reoccurring themes herein.

In other results, most respondents mentioned they support targets and set-a-sides and that they certainly enhance commercial relationships but the single most striking observation to emerge from the Native American data analysis is their perception of racism and discrimination and how the humanisation of the commercial relationship with LPO buyers is a key resolution. Education is paramount, this would allow LPO procurement professional

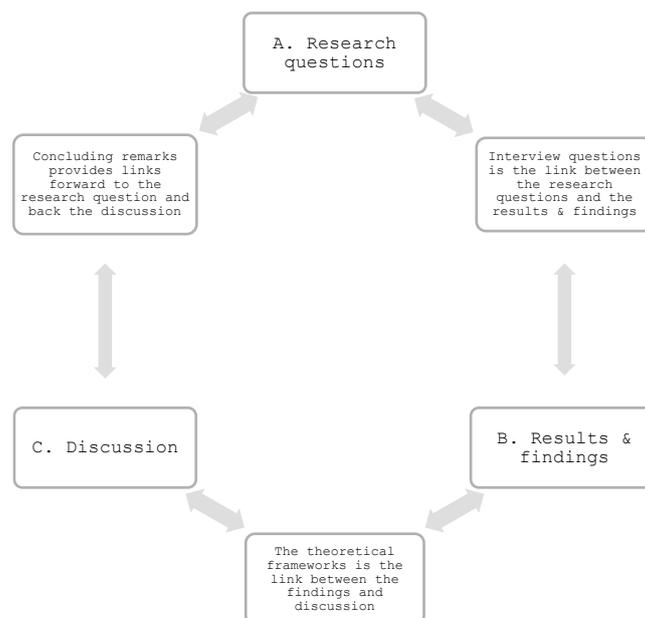
[and other leaders within their organisation] to enhance their cultural intelligence of Native American context. Taken together, these results suggest that there is an association between education and training for LPO procurement professionals and reducing transaction costs for both their companies and Native American owned businesses. The impacts on transaction costs economics will be reasoned in the discussion chapter. This thesis now turns to the Indigenous Australian results.

Chapter 7: Australian results and findings

7.1 Introduction

The central research question of this thesis is: What are the factors that constrain or enable supplier diversity relationships between Indigenous owned businesses and large purchasing organisations, and do those factors promote supplier diversity outcomes of Indigenous economic independence, empowerment and self-determination? The previous chapter's introduction detailed the logic behind this question, and the sub-questions, and how interviewee responses can explain how the relationships between research concepts are linked by interview questions, theoretical framework and concluding remarks. This process is shown below in Figure 21 below.

Figure 22: Relationships between research concepts



The present chapter follows the same logic but focuses on analysing the interviews of the Indigenous Australian respondents to gain a deeper understanding of their supplier and LPO buyer relationships. This chapter is structured around the research questions in order to develop patterns and themes that can produce answers to those research questions. As stated in the previous chapter, the patterns and themes are informed by the responses to open-ended interview questions that were posed during the fieldwork. This chapter presents analysis of the interview data.

7.2 Respondent overview

The eleven Indigenous Australian businesses that contributed to this thesis engaged with a range of LPOs, from large multinational businesses to various local, State and Federal government agencies. The respondents were all based in suburbs of major Australian cities on the east coast, although their traditional country and customary genealogical connections for many of the interviewees is elsewhere. These businesses are situated in the sample industries as identified in the purposive sampling process that is in construction, professional services, training and education and ICT. All businesses met the requirements of Supply Nation’s registration and verification processes to ensure that they were more than 51 per cent Indigenous owned, managed and operated (Supply Nation 2018). These businesses varied in employee numbers, from 2 employees to 40 employees, as well as cultural group and the length of time they have been in operation. Three business owners were female and eight were male. While the findings of the in-depth interviews are not generalizable, the diversity of interviewees’ background and the types of businesses in which they were involved, provided diverse primary data to analyse. For the purpose of this thesis, each respondent has been de-identified and given pseudonyms. Table 6 below shows some of the characteristics of the respondents and their pseudonyms.

Table 6: Characteristics of Indigenous Australian Respondents

Pseudonym	Gender	Business HQ	FTE	Industry	Cultural Group [s]
Karen	Female	Sydney NSW	15	Education and Training	Jawoyn/Wiradjuri
Lindsay	Male	Sydney NSW	12	ICT	Gumbaynggirr
Lynette	Female	Sydney NSW	3	Professional Services	Wiradjuri/Gumbaynggirr
Alwyn	Male	Melbourne VIC	3	Training and Education	Wiradjuri/Wotjobulak
Malcolm	Male	Melbourne VIC	6	ICT	Karajarri
George	Male	Melbourne VIC	2	Professional Services	Waanyi/Jaru
James	Male	Melbourne VIC	40	Construction	Tjap/Peek Whurrong
Mandy	Female	Brisbane QLD	2	Training and Education	Wonnarua/Bunjulung/Birra-Gubba/Gungalu
Dennis	Male	Brisbane QLD	20	ICT	Wakka-Wakka
Neil	Male	Brisbane QLD	11	Professional Services	Dharug/Kamillaroi
Scott	Male	Brisbane QLD	16	Construction	Gumbaynggirr

7.3 Data tools and analysis

The same research strategy outlined in the methodology chapter and applied in the previous chapter relating to Native American respondents, has been applied to the Indigenous Australian case.

7.4 Results of the Indigenous Australian case

The results of the interviews are presented in alignment with the research questions. The open-ended semi-structured interview questions are designed to prompt responses that construct real-life relational experiences of Indigenous Australian owned businesses' commercial relationships with LPO buyers of their products and services. These responses are then analysed through the lens of the dual theoretical framework – IST and TCE variables. An aim of the interview process was to ascertain what, if any, problems or challenges faced Indigenous businesses owners and their opinion as to how issues could be overcome. Chapter 9 will provide discussion about the results and explain the relationships between the theory and the results.

7.4.1. Primary research questions: enabling and constraining factors

As stated in the previous chapter, the interview questions aimed to ascertain the factors that shape the relationships between Indigenous businesses and their large purchasing organisation (LPOs) buyers by determining the constraints and enablers of those relationships. Firstly, in order to understand the *enabling factors*, the first interview question is solutions based, and seeks to invoke responses that construct real-life relational experiences that were positive. As a sub-query of the first interview question, the second interview question seeks to invoke the circumstances and of a specific positive real-life experience. The question seeks a description of conditions surrounding an isolated but positive relational incident. Both the first and second interview questions invoked evidence that helps understand the *enabling factors* that underpin relationships between Indigenous businesses and their LPO buyers. This line of questioning is consistent with TCE theory in that enabling factors have the potential to reduce transactions costs for both parties. Furthermore, it too is consistent with IST in that the questions help explain the enabling factors from an Indigenous [business] perspective, as explained to and analysed by an Indigenous researcher. Their accounts of those positive, enabling experiences follow.

7.5 Positive, enabling experiences of Indigenous Australian businesses

Respondents discussed numerous positive experiences they have had as Indigenous Australian suppliers. For example, Alwyn spoke about a positive experience he had when winning a tender process and how the LPO professional proactively continued their commercial relationship after she moved to another organisation. The LPO professional indicated that she wanted his business to provide the training services her new employer needed. Alwyn said:

I've been doing their training there for the last eight years. Initially I was working with one of the liaison officers...where I'm still doing work. Basically, she moved over to [names other entity]. They already had training happening, but it was very ad hoc, and she actually went over there and said, as a program manager of Aboriginal programs, she said I actually want [names Alwyn's company] to come and do his workshops.

That eventually led to Alwyn's company providing more workshops and helped the company update his services to meet the demands of an increasing number of workshop participants. This led to the LPO understanding the value of the training and the impact it had on employees.

Part of the viability of engaging with Indigenous suppliers is the level of understanding about inclusive procurement and how it aligns with LPO values, as another respondent, ICT Business owner, Dennis, points out:

One of those in particular is [names LPO] who, in my kind of opinion, is really one of the leading forces of supply diversity in this country. They really understand it. They really get it. And it really ties in with their core company values, which is really important.

Dennis added that the LPO is an important commercial partner with his business because his own company's values are like that of the LPO:

[Names LPO] has really been an important partner for [names his company] to grow because it's been a very honest, robust relationship where there's give and take on both sides. But it's really important for us to have that trust because it allows us to be

- you know, get better as a business, as a service, and also for us to be open and honest about where *they* can improve, make changes and whatnot to ensure that - you know, what are the aims and objectives of both parties? We can really achieve that.

Dennis offers some of the underlying Indigenous ideologies such as reciprocity, trust, open communications through yarning and linking their commercial relationship with the objectives of both parties in the partnership.

James works in the construction industry, and made similar comments regarding his company's experience of an LPO genuine about forming a partnership with his company:

What appealed about [names LPO], is that they were what's known as a tier two construction company. They're not listed on the share market and the people who manage the business are the owners of the business. When we came in for our first meetings, we met with the management here, who actually own the business. And we got along very well with them. They were really interested in our side of things and interested in having a partnership. They could see the value on their side of partnering with an Indigenous body...so they were very supportive of it.

This excerpt again demonstrates how genuine two-way conversation has benefited both parties.

Partnering with a company interested in a genuine partnership with an Indigenous business was also experienced by Karen, who runs an Education and Training organisation. She said:

So, they weren't only just asking about my business and what I offered, but they were asking about, 'What do you see as challenges for indigenous businesses?' And where they saw the best fit for my business, was helping them to engage with other indigenous businesses, and so they really picked my brain a fair bit, but I think that they did it in a real relationship style, like they were really genuine. I felt that they really were genuinely engaging with me.

For Training and Karen, genuine open communication was the cornerstone of her commercial relationship with the LPO cited above.

ICT professional, Malcolm also argued that open communication is critical:

“the relationships are really determined by how well the communication process has run. So, it's really up to us and them to maintain the communication process. I think once that breaks down, you can have some difficulties.”

Part of the communication aspect of positive relationships are those that Indigenous businesses have throughout their networks, both with other Indigenous business and LPOs as Alwyn says:

“I’m lucky because I don’t actually advertise my business so I’m not out there actively promoting it. I’m six months booked out in advance, just mainly done by hearsay information and by the relationships I’ve actually established. I work with a lot of organisations, much more community organisations like community services, hospitals and some government. I think nine out of ten people will trust me straight away and going ‘look, you’ve been recommended by these people, these people, these people, go with what you want.’”

When being engaged by LPOs, Alwyn made the point that the some of the personnel he engaged with were Indigenous and in these cases there was an increased level of trust:

I also think a lot of the other positive relationships have to do with...a lot of the liaison officers that work at the hospitals, so I get a relationship [with] mainly Aboriginal staff but then I also work with a lot of HR departments.

Another Sydney-based consultant that provides cultural awareness services working with human resources within a federal government department, Lynette said:

The positive experiences I’ve had is that I have had a couple of government agencies, one in particular was with [names the department]. They were really supportive in that they wanted some cultural [awareness] training so I did some work in Canberra for them, with their HR unit and also because they were in the process of getting their Reconciliation Action Plan together.

Lynette discussed how the department was developing a *Reconciliation Action Plan* and this initiative had helped her secure them as clients:

was what helped the Department think about engaging an Indigenous Business.

In summary, the results for this section of the thesis suggests that there is an association between positive experiences of the commercial relationship for Indigenous Australian businesses and the value of networks, open, honest and genuine communication, provision of growth opportunities, value similarities that link to bi-partisan objectives, and LPOs empowering Indigenous suppliers through supplier development initiatives.

7.6 Negative, constraining experiences of Indigenous Australian businesses

Not all experiences have been as successful for Indigenous Australian businesses. Every Indigenous Australian respondent has endured a detrimental experience that ranged from opportunistic behaviour of LPO professionals to businesses having to de-identify as Aboriginal to reduce the perception of that reliance on Indigenous suppliers was a commercial risk.

As a reminder, the interview questions aimed to ascertain responses to the boarded research question about factors what shapes relationships between Indigenous businesses and their large purchasing organisation (LPOs) buyers in term of the constraints and enablers of those relationships. The following results were attained in order to understand the *constraining factors*, with the first interview question being problems based, and seeks to invoke responses that construct real-life relational experiences that were negative. As a sub-query of the first interview question, the second interview question seeks to invoke the circumstances of a specific real-life experience that was negative.

The question seeks a description of conditions surrounding an isolated but negative relational incident. Both the first and second interview questions invoked evidence that helps understand the *constraining factors* that underpin relationships between Indigenous businesses and their LPO buyers. As for the enabling questions, this line of constraining questioning is consistent with TCE theory in that constraining factors have the potential to increase transactions costs for both parties. Furthermore, the method too is consistent with IST in that the questions help explain the enabling factors from an Indigenous [business] perspective, as explained to and analysed by an Indigenous researcher. Their accounts of those negative, constraining experiences follow.

Discussing his negative experiences, Dennis explains how LPOs can be insincere and for many Indigenous business owners this can be obvious. In an incident described by Dennis, he

completed a job in April but did not receive payment until October. He talked about how this affected his business and expressed the view that LPO professionals do not understand Indigenous businesses and their commitment to an inclusive purchasing approach seemed to be inauthentic:

The downside of that situation is that it does come across as lip service and it does come across as not genuine. It's even in the use of language from these particular organisations when they engage with Indigenous businesses. It's not true and real. Even if that may be, it does come across as inauthentic. So, what's really interesting, I guess, from an Indigenous supplier's perspective, is that it's really obvious and we can smell bullshit miles away. And we'll talk to each other as Indigenous businesses, so we can actually grasp - okay, what's this mob - who are they - what are they about and who's working there and what's their intent?

7.6.1 Suboptimum levels of trust

Another interviewee, Karen - who provides education and training – talked about the LPOs potentially breaching Indigenous businesses intellectual property rights:

And the other thing is that you'll have this relationship where you're talking to them back and forward, they're taking your advice, they ask you questions, you're giving them your intellectual property, and then you give them a proposal and all of a sudden you don't hear from them again; and then you contact them, and you don't hear from them. I find that really disrespectful because I'm trying to have a trusted advisor relationship by the way of giving information for free, and giving them solutions for free, in the fact that they'll come back to me for me to help them, actually design it and implement it, in a co-design framework. But it just leads me to think that they're taking my ideas and running with them and doing them themselves. So, I think that that's not a respectful way to deal with indigenous businesses.

Karen hoped to develop a trusting and strategic commercial relationship where communication is open and transparent, instead she was subjected to an LPO impinging on her intellectual property. Malcolm said that sometimes there was a lack of interaction between LPOs and his communications company:

It also depends on who you're dealing with. You can end up with negative results. At times, we're treated as heroes, and there's times we're treated as the cleaners in the game. Sometimes we'll work on a project and get invited to a launch, and be mentioned in the speech, asked to have a speech; other times, you'll produce a job, it gets done and delivered, and everyone's happy - but we'll never hear from the client, we'll never be invited to celebrate the work that we've been involved in, to bring it all together - that's quite confronting.

While these comments are about both negative and positive aspects of his commercial relationship with LPOs, Malcolm describes how not being involved with the purchasing company post-commission does threaten the longevity of the relationship, adding:

At times, you can get treated with total disrespect. So, you basically work, deliver, impress, create a successful solution, and the clients then wrap it up, convert it as their own baby and chuck you out the back door.

At times, consultation and communication between Indigenous businesses and their LPO client is non-existent. Lack of consultation with stakeholders is something that Lindsay, who owns an IT firm, has experienced saying:

It was very much driven by the perception that these corporates were providing a solution that they thought was right and was ticking the boxes. What we actually needed to do was say, "How do we pull this back? And how do we actually start to get feedback from the Indigenous community so that they then have a say in the solution and how it is built, and how it actually has an impact.

7.6.2 LPO perceptions of Indigenous Business

Lindsay talked about how a government buyer chose not to procure goods and services from Indigenous owned businesses even though the Indigenous procurement policy was in place:

We've had instances where we've been engaged with government bodies where they're eligible to go through the Indigenous procurement program, but they choose not to because it's their perception of the capability of an Indigenous business to deliver the quality and to the standards they expect.

Lindsay said that there is an issue for LPOs regarding their perception of the capacity and capability of Indigenous businesses and the risk to which their public or private entity may be subjected. James has also had adverse experiences when attempting to build commercial relationships with LPOs. Relating to LPO negative perceptions of Indigenous businesses James said:

They're risk averse. They're like, well, they [the LPO] have got the inherent ignorance, racism or stereotypes about Indigenous people and businesses. Then they're unsure – is the Indigenous business going to be able to deliver those coffee cups on time, at a good quality, for a good price? Then you have to change your contracts. I suppose there's just a lot of hesitation, you know, doing things a different way.

7.6.3 Power imbalance between Indigenous businesses and LPOs

James also talked about the need for organisational change within LPOs, that is, changing the way by which purchasing is carried out by LPOs. “I think our buyers need to look within and change their own attitudes” said James. George also talked about the need for cultural change within LPOs in this case with regards to expectations around how to report back on results:

I was subcontracting to the other Aboriginal organisation and it came time to report the results and the government didn't like the results of what we found or what was being said and tried to negotiate changing and editing and making more polite and more white the outcomes and the recommendations. The primary Aboriginal organisation had to negotiate that, and they were pretty good at that, but there was a lot of to-and-fro and pushback with the bureaucrats about that.

Neil found his experience with an LPO to be similar to that of George in that once the LPO engaged his company they wanted to change the mentoring service Neil was providing to suit the LPO's organisational culture:

[The client] said, 'we love what you're doing, here's the brief, respond to it.' We responded with a brief - pretty much, this is how the project will work. They engaged us and then they completely changed everything. 'We don't want what are doing for the [names the other client], we want something - it's not just branding, but you have to do it the way [names client] does things.

The costs associated with making the necessary changes were not factored into the original brief and the Indigenous business in this case had to carry those costs. This is not only an example of opportunistic behaviour by the LPO client but also a demonstration of how LPOs can use their purchasing power and commercial dominance to forcefully induce Indigenous Australian suppliers to concede and possibly affect the quality or in other ways diminish their goods and services. Another example of power imbalance within the commercial relationships is evident in an experience Alwyn ensured. Following a tender process, a LPO decided to create a cultural awareness position within the organisation rather than offer a contract to an Indigenous supplier:

I was really pissed off with this organisation. I think the program all up was like 60 grand for two years, so 30 grand a year. But they decided to employ a Project Officer at 50 grand and their job was to run cultural awareness training. And my issue then was what's the content? Because I bet it's most of my content and the other two consultants put together and they've come up with some training package. I found out about six months after they ran the program, the Project Officer was crap, project didn't work out and then they were going back around looking for a consultant to come in and redo it. None of the consultants wanted to work with them.

There is much to be said about this statement. Firstly the cost to the LPO in the end could have easily been avoided at the initial awarding of the contract, secondly, Indigenous suppliers now have a negative perception of the LPO because of their opportunistic behaviour leaving the LPO with the dilemma of rebuilding trust with Indigenous suppliers and possibly potential Indigenous employees – this redirects LPO resources. Thirdly, this is evidence of an LPO inappropriately using its power over Indigenous suppliers to almost extort information to further their own cause – a possible breach of intellectual property rights. Finally, ending this section on a positive note for Indigenous suppliers that, in a sense, they felt empowered by the fact they made an informed choice not to provide their goods and services in future to a potentially deceptive LPO. Furthermore, it highlighted the power of the Indigenous business network in terms of the bonding bridging aspects of social capital. Taken together, the results for this section suggest there is a correlation between negative experiences in the commercial relationship for Indigenous Australian businesses and the opportunistic behaviours, negative perceptions and misuse of power by LPOs.

7.7 Impediments to successful commercial relationship with Indigenous Australian-owned businesses

The below results emerged from an interview question that aimed to invoke reasons why relational interactions were negative and have those reasons prioritised. This interview question relates back to the research question about factors that shape relationships between Indigenous businesses and their large purchasing organisation (LPOs) buyers in terms of the constraints and enablers of those relationships. The following results were attained in order to further understand, not only the *constraining factors*, but also required a prioritisation of impediments to gain an understand their level of importance. The results provide evidence that help understanding important barriers by which Indigenous businesses are confronted. Furthermore, the results demonstrate that major challenges exist to successfully navigating, mutually beneficial commercial relationship with LPO buyers.

Lack of available support to scale up and grow their businesses was noted as a key barrier to developing successful business relationships. Encounters with tokenistic buyers wanting merely to comply with regulatory frameworks lead to negative perceptions of LPOs, and this is exacerbated by perceived racism and the power imbalance in the buyer-supplier relationships. Instances of misleading and deceptive conduct by LPO professionals erode trust and make relationship development difficult in the future. In addition to these immediate factors that impact on relationship development and sustainability, at a government level, challenges arise with policy inconsistencies, unhelpful legislation, regulation and risk. Indigenous businesses also sometimes lack insight into buyers' needs and obligations, and gatekeepers and decision makers. The challenging nature of these relationship dynamics for Indigenous business are consistent with TCE theory in they have the potential to increase transactions costs for both parties. Consistency with IST is also evident in that from an Indigenous [business] perspective, notions of racism and other barriers are described and understood by Indigenous people to find a way of ultimately improving it. Their accounts of those negative, constraining experiences follow. Table 7 below displays these and other challenges in order of significance to Indigenous Australian owned businesses

Table 7 Top ten challenges confronting Indigenous Australian owned Businesses

1	Business size and capacity	Indigenous Australian businesses considered an inability to scale and grow their companies the most important challenge
2	Tokenism	LPOs minimalistic approach for LPO compliance proposes only
3	Negative buyer perceptions	Conscience and unconscionable bias against Indigenous Australian businesses
4	Perceived racism	Indigenous Australian business consider their companies are being discriminated against in some way by LPOs
5	Power inequity	The extent to which one party in a contractual negotiation depends on the contract for vital resources.
6	Misleading and deceptive conduct	Opportunistic behaviours of LPO personnel
7	Policy inconsistency	Differences in inclusive procurement across public [state and federal] and private sectors
8	Legislation, regulations and risk	The way in which policies are implemented
9	Lack of insight in buyers needs and obligations	LPO actions do not align with their rhetoric
10	Gatekeepers and decision makers	The way in which LPO disseminate information

Many of these challenges are interrelated, for example, the challenges of scaling up their businesses to meet buyer needs could be consequential to discriminatory practices of lending institutions toward Indigenous Australian borrowers. Hence some Indigenous business owners may perceive this to be an act racism. The following section will discuss a number of these intersecting challenges in order to demonstrate their importance and to shed light on factors that underpin commercial relationships in order to response to the primary question of this thesis. Commenting on business size and capacity, Scott who is in the construction industry, said:

Being a small company [the challenge] is getting a job. You can't go for jobs. You really can't. We've probably sat for the last two or three years and plateaued...we've still got four or five guys working for us consistently. But it was just really, okay, where are we going to go to from here? So, you win a big job and you're not going for some jobs

because you know you can't afford to have that job - three jobs on the run at the same time, it's a balancing act. That's the biggest problem you have - cash flow.

Scott indicates that as an Indigenous business cash flow inhibits his growth and expansion into new markets. Dennis adds that perceptions of Indigenous business by some LPOs is limiting their opportunities to grow their existing capacity:

I guess we're being seen as a real afterthought and we really need to be having a voice right at the start with governments. They need to be saying to their tier one contractors, this is a campaign that will go to Indigenous audiences and they need to be brought in right at the start. Or better still, allow that Indigenous business to be that tier one contractor. Because we don't just do Indigenous specific communications. We do have the capacity [that] allows us to work in a whole range of different mainstream markets, and cold markets as well.

Dennis said that the perception of Indigenous businesses is wrong and that many Indigenous businesses are very capable. James, a construction business owner, shares similar views. He said:

And even in government, you know; they're comfortable sort of letting \$100,000, \$200,000 contracts to Indigenous businesses for whatever it may be because its low risk. You know, if it's stuffed up, well their arses were not on the line. But when you go in there saying, you know, that \$5 million or that \$10 million or \$15 million project you've got; we can do that. No, no, that's all a bit too difficult. So, we felt that procurement people within government and corporates very risk averse, very risk averse.

In this extract James not only highlights the negative perceptions of LPO procurement professionals of Indigenous businesses, but also points out how these perceptions are framed in the language of "risk". Furthermore, it demonstrates how Indigenous businesses are seemingly characterized and restricted to smaller contracts with LPOs, which George says is diminishing the capacity of Indigenous companies:

Instead what we've got mostly is a whole lot of programs that see Aboriginal capacity as the problems to run business. So, it's almost this handholding, charitable approach

to Aboriginal business. If that's all we do, we're just playing the small game. I want to see the big game conversations.

George speaks about larger projects that some Indigenous businesses are very capable of executing. Neil agrees with the notion that if LPOs only offer minor, inconsequential contracts, then there is no scope to expand and grow the size and capacity of the Indigenous business sector:

If they want minimal then they're not creating sustainable wealth generating industry. What they're getting is minimal and that's what it will always be. So, if the marketplace wants something significant, they're going to have to make significant changes and expectations. And if Indigenous businesses in the first couple of years fail to meet those expectations, then we fail, but give us feedback, let us know, mentor us so we win next year, so we build next year, so we can deliver the purpose of the IPP, which is wealth creation and jobs.

Neil adds that there is a possibility of failure by the Indigenous business sector terms of scaling up their operations, but also calls for LPOs to provide support and guidance when needed which suggests a mutually agreed way to mitigate risks. Another respondent, in the technology industry, Lindsay, when asked about challenges Indigenous businesses are confronted with in the growth stages, said:

The way that I think we can overcome it is basically looking at how we're building programs that look at capacity building. So not just around- we're going to give you this business and then you have to go and deliver it. It's like, what are we doing to put more programs in place that build the capabilities of indigenous businesses. How are they then able to continue to grow and deliver at and above expectations of what the market is looking for and seeking?

Lindsay asserted that Indigenous businesses need support to grow beyond just awarding larger contracts. What he is suggesting is initiating supplier development programs that will not only enable Indigenous business growth but possibly help them compete in the marketplace as equals in terms of size and capacity. Neil furthers the notion of equality in the marketplace to build his capabilities:

one of the things I told [names LPO] recently is don't just consider us an Indigenous business delivering on an Indigenous product or service, consider us as an Indigenous business that can just deliver a product or service. And we're happy to compete. And if we don't win it, we don't win it. And if we win it, we win it.

Neil suggested the LPOs need to change the way they perceive Indigenous businesses and to let their firm compete on the same terms as other businesses. He also attempted to demonstrate his capabilities as an Indigenous communications and research company to the LPO through the open tender process. In an extreme case when trying to be categorised on similar terms as other businesses to enhance their growth potential, Scott de-identified as an Indigenous business in an attempt to change buyer perceptions, win a contract, hence grow his business capabilities:

...he doesn't know us being that Indigenous company - you know what I mean? He was up from [names the town], up north way where, right or wrong, they [Indigenous businesses] are tarred with a different brush. We never signed our company as Indigenous company. It just happens to be that we're Indigenous. So, once I said that to them, I find that just breaks the ice. There has never other issues after that because they think, okay, these guys are - they're the real deal. They're not just here to try and fleece us and make money and not do the job correctly.

Many other respondents demonstrated the capacity limitations to compete, which suggest that, Indigenous businesses need the support that LPO supplier development programs may be able to offer. In relation to resources that must be committed by a micro or small Indigenous business, Karen said:

I've had have been receiving requests for quotations, or receiving an approach to market, and it being really detailed and only be given three or four days to actually respond to it. I'm receiving quite a number of requests for quotation, I might receive one request for quotation a week. One request for quotation, doesn't matter if it's for \$5,000 or if it's for \$1million, they take at least 20 to 30 hours of time investment.

Karen specifically talks about resource capacities needed to complete a tender process and the impact it has on her business, Malcolm agrees:

Our capacity can be under strain at times, to deal with the complexities and time and expertise involved in submitting tenders. At times, we have looked at tenders and they've been so confusing and require so much attention that we just actually dismiss them. Because it's always very difficult for small businesses to go up against large businesses that allocate a lot of people towards working on those processes.

Malcolm adds that LPOs have categorised their company, restricting them to Indigenous only content hence, their potential to expand and grow their company:

...on one hand, I suppose it is good that we work in this space, but the more we work in it, the more that our clients only expect us to work in it. For example, if we're working for a bank, and we're working on their Indigenous design artwork, we're generally cut off at that point. You're allowed a little avenue into the corporation, then it provides little lateral opportunities within an organisation. That's always a difficulty for us, to grow across the mainstream aspect of a business.

Malcom's experience in this scenario, could be an example of the second-most confronting issue for Indigenous Australian owned businesses, and that is tokenism. These types of commercial relationships are generally void of Indigenous values that underpin authentic partnerships and seem to be mainly focussed on providing minimalistic opportunities for Indigenous Australian businesses while fulfilling regulatory and legislative compliance purposes. R4 explains that the cultural awareness work he is doing with government agencies and others can sometimes be perceived as tokenistic by the buyer:

It's actually trying to look at well, what you actually do, how you actually do it and why you're actually doing it, not just because the organisation says we have to, what's the philosophy behind why the organisation's saying you have to? The negative part of that is I don't think a lot of organisations know what they want. They want a tick box to go yes, we've done cultural awareness.

Alwyn indicates that the LPO client is engaging his company to comply or satisfy a funding condition as opposed to understanding the importance of participating in the program:

It is about actually trying to get people to understand why they're coming to training as well and that's that negative component. Organisations send staff and staff don't

really understand why they're actually coming, they still don't see it as - Aboriginal cultural awareness as well – 'we don't have any Aboriginal clients.' That's why we're asking. So, you have to go back as far as that to actually get people to understand why they're actually in the course. Because it seen as just ticking the box.

Dennis agrees that LPOs need to understand the *why*. In terms of inclusive procurement more generally, he signifies that tokenistic manoeuvring by LPOs are a material challenge to authentic commercial partnerships for Indigenous businesses and LPO buyers if supplier diversity is not understood:

I've seen it, a lot with businesses, people kind of engage in this process of supplier diversity, and I wouldn't say intentionally as a tick box exercise, but without a full understanding of what it's about and why it's important, and also the landscape they need to navigate to really effectively engage in this area.

Lindsay questions the depth of understanding by LPOs about Indigenous issues, as he states that his business is possibly being used in a tokenistic way:

What are they doing to spend dollars in this space? What are they doing to create sustainable change in this space? We tend to find that through our engagement, that whilst the intent is there to make change and to tick boxes, I'm tending to find that there isn't an in-depth understanding of the overall ecosystem of the Aboriginal and Torres Strait Islander community. The actual sustainable changes that corporates and governments are looking to make with Aboriginal and Torres Strait Islander communities, they're not looking deep enough to understand all the elements that make up our community.

Furthermore, Scott stopped attending events because he felt LPO in the construction industry wanted to meet policy compliance requirements:

That's when I knew I was going to get - it was getting serious with this IPP. Because every other time, it was all talk. I stopped going to the places - like they had these ones where you'd go and meet the buyers or the builders - I went to a few times last couple of years and it was just joke. They were there to tick a box and say that they'd been to these things.

Karen suggested that some LPO professionals do not understand or support inclusive procurement but wish to remain compliant:

There are a lot of people that work in this space from the corporate and government that they're doing it because they've been told to do it, they don't actually believe in it, and so those are the people we need to get past, to the true believers, the people that actually care about indigenous business, understand the intent, what's possible when working with indigenous business, understand the value proposition.

James from the construction industry, points out how LPOs can offer small tokenistic contracts to Indigenous suppliers through inclusive procurement but avoid offering larger, more lucrative opportunities:

They're quite happy - and we've probably found it more in the corporate space than the government, commonwealth space - they're quite happy for you to come in and supply their water or small contracts, service contracts, consultancies or whatever else. But when you walk in the door and say, for example, a bank, we can fit out the 20 branches you've got in New South Wales. They go oh, hang on. That's a bit risky.

In relation to tokenistic approaches to various strategies, James said:

...leadership by corporate Australia to get serious about procurement. Not just piecemeal and tokenistic things. It frustrates us that there's all these Reconciliation Action Plans out there; a lot of them are tokenistic. We may well try to do this, or we aim to...you know, *do*. Don't *aim* to do. Some companies are doing it, which is good. But others just need to show some real leadership. Not just talk deadily. That doesn't help.

The minimalistic or tokenistic approach, including joint ventures and compliance, is also discussed by Neil:

For me specifically, it's because, as I mentioned earlier, people don't get it, they're looking for pretty pictures as opposed to effective outcomes. People are looking at joint ventures...and I think that is short-sighted. I think that there is no great benefit to an Indigenous business to joint-venture - there is no requirement for knowledge

exchange, there is no requirement for capacity growth. It's really just a financial transaction to brand a reporting operation.

Whereas Alwyn describes how tokenistic gestures makes him feel:

Being Aboriginal I seem to get dumped sometimes with just the cultural components of some things and I feel a little bit tokenistic. Even though I'm getting paid good money to do it I'm going 'well you've written this report from a white person's perspective and now you're actually just getting me to read this or sign off on what you've actually said' because I'm very big on what collaboration actually means.

Overall, tokenistic actions undertaken by LPOs show they are implementing inappropriate and minimalistic measures to remain compliant. This could be occurring because LPOs have limited understanding of how and why Indigenous engagement is required, therefore, their appetite for risk is limited. Having a limited understanding of Indigenous engagement in this context could lead to LPOs having negative perceptions of Indigenous businesses. These LPO perceptions may be construed as racist or discriminatory by Indigenous businesses and can be interlinked. Another interviewee, Alwyn, spoke at some length about the racism he has encountered and the challenge this poses for his company:

I think racism is one up there, there is a lot of managers that don't – haven't been through cultural awareness and I've actually heard some of the senior managers in departments actually go 'I don't want blackfellas coming, they're not reliable' right? They're not real kind of businesses. So, you know the Aboriginal people are – we've still got those belief systems that – I've actually heard one manager in a department actually go 'we're not going to give him the money because that \$100,000 grant's going – he's not even going to use it, it's going to go right to his whole family.' So those stereotypical kind of belief systems still occur in organisations which then means that their decision-making is already biased.

James agrees however he points to LPO procurement professionals as having limited or no experience working with Indigenous people and notes that reviewing and revising the procurement practices may be too difficult:

Most procurement people aren't blackfellas. Most procurement people probably have no or limited interaction with Indigenous people. They've got stereotypes and perceptions in their heads which affect their ability to adjust, where possible. I'm not saying they're all ignorant like that, but it's also - they just have their ways of doing things. They're saying, 'I have to get three quotes, but there's only one Aboriginal or Indigenous business that does this stuff. How do I show it's of value? How do I show there's value for money?' That's the greatest hurdle for a lot of procurement people.

At the end of this excerpt, James does show empathy in recognising how difficult procedural change must be for LPO procurement professionals.

Then they're told, no, now you have to look for [an] Indigenous supplier. They're like - well, they've got the inherent ignorance/racism or stereotypes about Indigenous people and businesses. Then they're unsure - you know, are they going to be able to deliver those coffee cups on time, at a good quality, for a good price?

Karen said stereotypes about capabilities are part of the contract negotiations:

I think that all indigenous businesses get paint brushed with those stereotypes, so then it becomes that, 'we're not capable. we can't deliver. We're not going to offer the same quality as a mainstream business.' That makes it challenging, because it means that for us businesses that can offer a really great product or service we're on the back foot because we're trying to change people's mindset around their intention to deal with us right at the start.

While Alwyn comments about the attitudes of senior staff towards to cultural services provided by another Indigenous supplier:

I've heard managers say things like that...we were in [names agency] and we were managing an Aboriginal program and I said we were organising a conference and it's going to cost us \$550 for welcome to country and he said 'what, to stand there for five minutes? \$500, I wish I had that job.' And that's coming from a white manager that was looking after an Aboriginal program - they're not looking at Aboriginal knowledge and culture as recognised.

Similarly, LPO negative perceptions about what they believe is substandard quality of Indigenous business products and services was experienced by Lindsay:

We've had instances where we've been engaged with government bodies where they're eligible to go through the indigenous procurement program, but they choose not to because it's their perception of the capability of an indigenous business to deliver to the quality and the standards that they're providing.

Again, with government, George alluded to the notion that government procurement professionals are egotistical in that they seem to have different interests and incentives than corporate buyers:

So, it's a self-interest motivation for government, protection of the Minister at all costs. Government thinks of Aboriginal people as charity. And it thinks of Aboriginal business as charity. Yes of course there should be an Indigenous Procurement Policy. That's all great, but if that's all we do, then what it's saying is our overall objective is basically to turn Aboriginal people into neoliberal white business fellas, like everybody else. And I think that's a waste of our time.

The negative perceptions and discriminatory behaviours of LPOs could be linked to the power imbalances enacted within the commercial relationships with their Indigenous suppliers. Transaction costs economics describes this as *resource dependency*, which is a measure of that power. Regarding LPO dependency on Indigenous business resources, including intellectual property, Neil discusses his experience with a multinational LPO:

We gave them a thought document, the Indigenous engagement plan for what we thought they would use. It was tailored to them. We went in and we had a meeting with their senior executive group with the Asia-Pacific. In that meeting he stood up at the whiteboard and wrote how much money they were looking to spend. We mapped out the kind of thing they would engage with us and they said, 'Are you okay with that?' And we said, 'no, give us a brief, a specific brief and then we will respond to that. Six months later, they use other people in it, that talks about a lot of the wording that we've got in there, but we haven't seen a dime.

The LPO in this instance has used the intellectual property of Neil's company but engaged another firm. Neil then adds his thoughts about the control of the Indigenous business sector and how procurement professionals at LPOs are at the coalface:

Unless an Indigenous business is able to sell a product that everyone in the world wants to buy, we're not going to be creating Indigenous billionaires, and that's where we want the marketplace to take us. And whilst the control of that growth is left to people who are looking for the superficial outcomes, then it's not going to happen. And that's an example of them not getting it.

Dennis also mentions that the limited understanding of inclusive procurement can lead to LPO using their power to engage Indigenous business:

Yeah, people looking at us like - it's a pat on the back and a good opportunity for us to be working on projects from a tier one - when the tier one contractor engaged us. It's a case of it's really condescending. A project a couple of years ago; [names LPO] contacted us to do a project which we had a very specific skillset to deliver...and they were really disrespectful in how they engaged and dealt with us. Basically saying, oh, you know, 'this is a good opportunity for you to work with the big guys and do good for the wider community.' You're like, 'nah, come on, come on' that's - yeah, take a step back here and understand why we exist and how we actually operate.

Karen reflects on her contract negotiations with an LPO for a training program she was proposing and why she eventually accepted the offer which was more than just financial gain, although, for the LPO that was a major incentive for their offer:

Part of the negotiations was that they had set fees, so it was basically - take it up or don't. Part of my reason [for accepting] was it was going to be an experience, so I had my own reasons it wasn't just monetary. It was that I wanted to do it as building up my own experience, our company experience as well building those partners in those regions and areas and just having a look at what the needs are."

This specifies that her business is disempowered in this negotiation and in a weaker negotiating position in terms of revenue, but as she explains, it provide her a cultural experience that helped build her social capital. To overcome many of the challenges that

confront Indigenous Australian businesses, they suggested several ways the relationships with LPOs could be improved.

7.8 Solutions to counterproductive commercial relationships

In order to understand the *enabling factors*, that underpin relationships between Indigenous businesses and LPO buyers, interview questions about solutions were presented in the one-on-one interviews. They sought to invoke responses that provides evidence about how respondents minimize or overcome barriers by which they are confronted. Some of the challenges identified earlier, need to be overcome because they potentially increase transaction costs, include; the inability of Indigenous businesses to scale-up their operations; tokenism engagements; negative perceptions of LPOs towards them; the perceived and real discrimination; and power inequality within their relationships with LPOs, to name a few.

The line of questioning for this section was about solutions. The responses to those questions are consistent with TCE theory in that enabling factors identified, have the potential to reduce transactions costs for both parties. Furthermore, the methods used to invoke responses is also consistent with IST in that the responses help explain the enabling factors from an Indigenous [business] perspective, as explained to and analysed by an Indigenous researcher. What follows are their accounts of how to overcome counterproductive challenges hence, *enabling* positive relationships between Indigenous businesses and their LPO customers.

7.8.1 *Comprehending self-determination and cultural values*

In relation to understanding self-determination and cultural values of Indigenous Australian businesses and how a rights approach can lend itself to assisting Indigenous Australian businesses scaling up, R9 proposes a scenario that was successful in a commercial relationship he had with an LPO:

I think something that I've found very beneficial is the process with [names LPO]. They're going through this pilot phase, they're putting Indigenous businesses in a room and we're having this discussion around what are the challenges and what are the advantages and how would we like to see things run? I think one of the great things about that is that we're all part of a dialogue and, I need to sit this way. Being in business is a lonely world, but when you're a number of businesses in a room, we can

all share that dialogue around what's happening, and it feels like a really good support network. I think that's what I really enjoy and find valuable. I often talk to [names another Indigenous business owner] about some of the stuff that he's doing. Just having that dialogue so we can support each other through that process - I think - and it's quite a relief when you have those conversations because you realise, you're not the only one, you know, fighting the fight, I guess.

Dennis speaks about the importance of having a supportive network so that his business and others can share experiences, gain LPO insights, and have conversations about the Indigenous business sector more broadly. This signifies his value of a collective, communality and it is from this Indigenous business network that he draws, and shares knowledge. Furthermore, this process is facilitated and supported by an LPO who takes part in that sharing and learning conversation. George indicates the type of development support discussed by R9 is needed however he offers that there has to be a shift in the way the scaling up of Indigenous businesses is approached:

I think where we are now is understandable, in that our goal at the moment seems to be to get Aboriginal businesses - as many as possible - to be established, strong, capable businesses that get as much business as we can. So that's fine. But I think the game changing discussion about paradigm is only going to happen when Aboriginal businesses see themselves as separate to government and separate to corporates, and not relying on their favour.

George's indicates he also sees the value of LPOs being involved in Indigenous business growth, however, he posits that only Aboriginal business owners can project and create an Indigenous business industry that they themselves envisage. Mandy reflects on her experience with a business mentor who helped her company grow rather than withdraw from the Indigenous business landscape. The mentor is a non-Indigenous, small business owner with many years' experience working with Indigenous communities:

I said 'I'll send an email and I'll cc you in it and we'll talk. She helped write the business proposal of this whole framework. I was going to be in [names city] - she's based in [names city]. We then presented the proposal to him. All of a sudden, they basically agreed that this is what they wanted to do. Within a couple of weeks of us meant to

be closing down, this door opened, and our lives changed. We were sitting in this same meeting room two years later and business for us now is still going full steam ahead.

Mandy reflected on the experience of winning their first major contract as a result of many things, one being the work of her mentor. LPOs other business support networks need to understand inclusive procurement and commit the necessary resources, prior to attempting to assist Indigenous businesses scale up, as Karen posits:

I think because we've got IPP that drives that, but I think on the corporate side most definitely that we need – there have been some really great success stories of companies in the past, so [names an LPO] for instance, and the previous company known as [names another LPO], where they had dedicated resources, they still do, that their whole role is Indigenous business. They're the ones that get traction, and until we see that happen, we're probably not going to get the movement that we need from corporate Australia.

George suggests that self-determination is a way for Indigenous business to regain power within their commercial relationships with LPOs and a collective Indigenous business voice will drive the capability of Indigenous businesses to scale up:

So, I think the more that Aboriginal businesses think in that way, so that we are businesses on our own two feet without the favour of big corporates or government, then the better off we'll be because we can change the terms of the relationship. And it's not about what the big corporates, [names and LPO] or [names another LPO] or what fucking [names a third LPO] think. We have to have a serious national plan that is community - Aboriginal community owned, with a business flavour, driven by business thinking.

While self-determination is the key focus of the above excerpts, it is evident that Indigenous cultural values such as communality, collectivism, reciprocity and autonomy are present, and it is these values that underpin self-determination. Another example of Indigenous cultural values was highlighted by Mandy when asked about solutions:

I would definitely use the resources within the business to bring the community along. You know, we all succeed together. That's in that Indigenous terms of reference where

we're not all competing against each other. That's not success - if we're all still left behind, and you are succeeding and going. We make spaces available for community members anytime, if they want to come in and participate - at no cost - we call them scholarships.

Mandy adds that when discussing a potential commercial opportunity, they stayed true to Indigenous values:

So straight away, when he said give me your best sales pitch, I literally - I come from a sales background. I've worked in businesses where it's all about numbers. Then I realised what was happening - I was immersing myself in our [Indigenous] terms of reference and we don't operate like that. Even though that we're in business, we didn't have to move over into this western way of doing business. We could still do business and operate on our terms of reference.

George also points out the differences between Indigenous business and non-Indigenous businesses stating that Indigenous businesses are anchored by community, good outcome, values and purpose rather than profit:

But I think this is the fundamental difference between Aboriginal business and non-Aboriginal business, is that at its best, Aboriginal business is purpose and values driven, as opposed to - it's concerned with, or it ought to be concerned with good outcomes for communities than making profit. So, it's got to be values and purpose driven, and it's got to be from an Aboriginal paradigm and set of cultural values.

Dennis posits that the corporate governance frameworks that guides Indigenous business values existed before the western business perspective and suggests that these values should be communicated more broadly, adding that if values are not understood and are integrated in a commercial relationship with Indigenous businesses then the partnership is less likely to succeed:

Well you're not going to be tendering for stuff that your heart's not in it or it doesn't fit you as an organisation. Because you're just going to be setting yourself up for failure. They talk about governance within Aboriginal organisations and communities. We've been governing ourselves for 60,000 years. I think, from a business perspective,

we've been in business trading, you know, and the value and understanding of economics that exists within our small, remote communities has been happening for a long time. So how can we embed some of those perspectives into - I guess communicate those to our clients.

Lindsay agrees that a deeper understanding of the cultural differences and Indigenous business values are not understood and attempting to operationalize a commercial partnership without understanding these values could prove difficult:

I think there's a couple of things. So, there's this really big thing around an understanding of cultures. When you look at culture from a corporate side and then you look at culture from an Indigenous business side, how do the two align? I feel like there hasn't necessarily been a focus in the way in which businesses actually come together, the way that they can work together and understand each other's practices, processes, protocols and culture and values which then allow them to be aligned so that they're working together effectively.

Dennis adds that these cultural values can supersede business or commercial objectives and that western businesses may not hold the same values. Dennis suggests greater understanding of this would be of great benefit to LPOs:

I think that one of the benefits of Indigenous business - you can look at it from a value proposition - is we have such a unique situation with inherent cultural knowledge and understanding that is required in every single day, I guess, things that we do. Something that mainstream businesses don't. It's something that I feel very proud about because it's those values and understanding that allow you to do what you do. And I think it's of enormous value to any business to have that embedded in their staff and with their service and their product.

Dennis continues indicating that non-Indigenous business can learn from Indigenous businesses in relation to cultural values saying:

...the differences between an Indigenous business and a non-Indigenous business is - well for me, anyway, it's culture front and centre. And there's a lot of work been done with a number of organisations, suppliers around Aboriginal and Torres Strait Islander

perspectives being implemented into the business process. Because there's a lot of learnings and a lot of learning and know how...around cultural capability and cultural safety stuff that you can apply to your business that can benefit any mainstream business.

Mandy, an owner of a training and education company, agrees that non-Indigenous businesses have much to learn, saying:

We have laid down what Aboriginal terms of reference are, and we don't move. And those people have come to appreciate that I think.

Then Mandy gave an example of that appreciation and how a particular LPO executive put into practice what they have learned in terms of Indigenous Australian cultural values:

...the first man that got up to open up the conference...he introduced himself using Aboriginal terms of reference. He said who his wife is, where he grew up, his children. And he said, I actually had to ask questions to family about my childhood and about where we come from because I actually have never asked these questions before. So, I've been on a journey in the last six weeks of trying to write this introduction to be here tonight. And, he said, I'll tell you, it was quite a challenge for me. He said, this has been influenced by the work we're doing around cultural capability.

The LPO executive, as described by Mandy, demonstrates the value of Indigenous cultural values and how it impacted his life on a personal level. It is interesting to note that the work that Mandy has undertaken with this financial industry client their products and services are being sort aiding them in their socio-economic and cultural objectives:

When you're working with a big client and they put it out there to everyone that we're working with them, you can imagine how many people knock on our door. We have so many people ringing us because someone in the bank's referred them to us. That's unbelievable. It just reinforces to us, you know, how deadly we are.

The findings of the Indigenous Australian case demonstrates that many of the views of the respondents believe that tokenistic allowances or behaviours by an LPO buyer does not occur

independently of a broader context, for example many of the Indigenous Australian businesses reported that they perceive this as linked to some form of racism.

7.8.2 Improving intermediaries, Peking duck or Mongolian lamb

When asked about his relationship with a major corporate and how that entity researched the companies they wanted to engage through a meet-the-supplier event they were facilitating, construction industry executive Scott said:

Where now, [names LPO] has done it off their own back. Got onto Supply Nation, got the companies that they thought they could use. I actually spoke to five different divisions. On Friday, I'm talking to two different division for meetings to sign off on work for [names LPO] - not big contracts but got the foot in the door - and they like honesty." Adding, "they said, unfortunately at the moment we haven't got no work, but down the track, we'll be able to quote on their jobs too. So, it's definitely working, IPP. I think mostly through Supply Nation that it's definitely working.

Scott went on to talk about how Supply Nation provides professional development in supplier diversity and how his example with the major corporate is common response from LPOs. James, also in the construction industry, concurs and when queried about positives experiences with Supply Nation he said:

We became members with Supply Nation not long after we formed. I suppose Supply Nation has enabled some growth networking opportunities. It also provides some validation for your business. So as an Indigenous business, to be certified by Supply Nation is really a crucial part of getting business. Being with Supply Nation has given us access to a whole range of subcontractors and people who can supply services. We have a strong focus on trying to source all of our suppliers from Indigenous suppliers, such as our travel, our insurance, our stationery, our work gear, our photography, consulting, a whole range of different - I think we've got about 12 different Indigenous suppliers. And we probably wouldn't have known half of them if we hadn't been part of the Supply Nation.

Karen discussed Supply Nations' Indigenous Business Direct and Connect Conference and Tradeshow event:

The greatest tools that have helped my business have been the Indigenous Business Direct. I've had a number of direct approaches because of Indigenous Business Direct, which is Supply Nations database. People have found me on there, they've read my capability statement, they've contacted me. I think whether it's matchmaking event, or it's just a meet and greet event, or its Supply Nations Connect event, I think events are what really drive business, because people are really honest when they're face to face with you.

Alwyn echoed these sentiments when he discussed the number of inquiries he has taken since being certified:

And I could show you 10 emails from 10 different government bodies, oh we got your name from Supply Nation website, can you provide us with an overview of your business? Okay, what do you want to know?

Lindsay speaks about how his IT company were certified soon after they commenced:

And then within 12 months of becoming established as a business, we were certified as a Supply Nation supplier. And through that time, we've had a few engagements through Supplier Diversity programs. We've had several that have been in the corporate space which have been really great opportunities for us and helped us build up our business.

While the commendation of Supply Nations influences the Indigenous supplier – LPO buyer relationship, respondents were apprehensive about several issues that could have negative impacts on their potential commercial partnerships. Some of these issues are relevant to this present research and some are not. Nevertheless, they are certainly worth mentioning as respondents were questioned about changes, they envisage can enhance their commercial partnerships. Issues such as (but not limited to) inconsistent policy, accountabilities and responsibilities of LPOs, definitional clarity, tendering processes, contractual terms, bi-partisan support - continuity and political certainty, risk and fairness, executive and procurement education and the level of commitment by LPOs. For example, Karen mentioned the need for a consistent procurement policy framework that would reduce time spent

adjusting and readjusting as conditions change across jurisdictions, that is, between state and federal government procurement policies:

I think that there should be some consistency across the states and the federal government around policy. We're seeing the federal government have this 3% by 2020, and we're seeing that it's proving to be effective, but we're seeing other state governments pop up with their different policies. What it does is that a lot of indigenous businesses work nationally, and so they've got to deal with different state government policies and bureaucracies, it makes it quite complex and challenging for them. So, I think that there should be some greater consistency. I think that all states should adopt a model where there is a mandated spend, a mandated number of satisfied procurement amount, number of contracts; that there should be some uniformity and consistency across the board. Obviously, some states and territories have got far greater numbers of indigenous businesses than others, but we do need to see, I think, a little bit more uniformity across. Particularly for those indigenous businesses that are working nationally.

Having consistent policy may be difficult to achieve given the political nature of each jurisdiction, but if there is some form of bi-partisan agreement whereby Indigenous businesses can reduce the use of their resources, transaction costs would certainly be diminished. Neil critiqued the '*owned, managed and controlled*' terminology used to describe an Indigenous business by Supply Nation (Supply Nation 2018). He reasoned that this criterion could inhibit the growth of his company and strongly suggested the terms 'owned' and 'managed' should be changed to reflect better meaning and levels of indigeneity:

The change is, for me, twofold. An Indigenous business is 51 percent owned. To me, that's it, that's the rule. I think the change - I am 100 percent owned - I have a business that is 100 percent Aboriginal owned, but I'm not a very good CEO. I need to have the ability to buy the best CEO I can possibly afford to run my business. I still have - I still 100 percent own the business, yet the requirement in Australia at the moment is, for it to be an Indigenous business, you need to own-manage. And managing has been defined not as bought control, it's been defined as CEO - operations. That to me, is a limiting factor in the growth of Indigenous businesses. And remember, the changes

that we make today, or the definitions that we make today, have got to be definitions that will apply when we've got millionaires.

This could also help with a challenge that James' joint venture construction company was confronted with in terms of a saturated market:

When we first set up, there was only us and two, maybe three others. Currently, there's been, in the last couple of years, there have been a lot of [construction] joint ventures that have sprung up around the country. So, we currently have about ten or eleven competitors for the type of stuff that [names their company] does, which is making it difficult. Yeah, so there's no real - the advantage of being an Indigenous business, when the market becomes saturated, is greatly reduced. There's potentially a number of joint ventures, that have been set up that are known to be Indigenous that we believe benefit very few Indigenous people. And the term 'black cladding' is thrown around. Unfortunately, I think it is - it's out there, but it's not a reason to stop or get rid of these procurement policies. Because what these procurement policies are, is there's a lot of genuine, authentic businesses that have been created as a result.

A respondent suggests this analogy to sum up his thoughts about the definitions of an Indigenous business and black cladding: "if someone wants Peking duck, you can't just tell them that they want Mongolian lamb and tell them that they were wrong. You've got to give them what they want."

7.8.3 Human agency and Indigenous procurement

Indigenous business respondents have identified that interpersonal communication has underpinned and enhanced their companies' progress. From a training and education company, Mandy provides an example of how their company perceives interpersonal relationships as a pre-condition of a potential commercial partnership. Their example broadly outlines the notion of yarning and how many of the respondents humanise the interchange. The circumstances around the exchange took place once a breakfast meeting was arranged and during that meeting:

We sat down with him, this man from [names LPO], who we had no idea what he wanted to ask us, but he just really wanted to talk to us and heard that we were in

town. As we sat down, the first thing he did was pulled out his notepad and started drawing diagrams. He was trying to explain to us about the Aboriginal people - he was trying to engage – ‘over here are traditional people living off the land and these ones here are more westernised people.’ What he was saying didn't make sense anyways. But before I could pull him up, [names business partner] pulled him up and told him, ‘no, no, no, that's not how you start business. That's not how you start a meeting.’ She said, ‘we don't even know you - you don't know us - you don't know the young lady sitting next to you. So, before we talk business - and we might not even talk business - we need to get to know each other first and build a relationship with each other - that's very important to us.

Building and maintaining key personal relationships was a key view raised by construction industry respondent, Scott also:

Well obviously you've got to build the trust up. That's the main thing. You know what I mean? Build the trust up because obviously these guys don't know you from a bar of soap. Some of these companies are pushed down this direction. So realistically, it's talking to those guys and letting them know that you've been around for a long time. I physically drove to all those companies - made appointments with their procurement people and actually sat down with the procurement team and introduced myself. That was nine years ago and I've still got people I talk to from those meetings that remember me. So, it's building up the trust. That's one thing we do.

Karen concurs that building trust can be a result of open and transparent forms of interpersonal communications:

...because people are really honest when they're face to face with you. They will talk to you and you can put them on the spot, there's nowhere to hide, they've got to talk to you and they've got to talk to you honestly. You can actually through the bullshit, through all of that.

To ensure the progress of a project is reaching milestones, Malcolm describes the way in which interpersonal communication occurs through his firm with their clients:

So, even if we're talking with clients about projects, we listen, interpret, provide briefs back and forth. So, we have a very clear understanding, we organise meetings throughout the process, face-to-face to discuss and elaborate the flow of the work, and just to ensure that we're all on the same page, and that everyone is happy, and that everyone's expectations are met.

Neil confirm that interpersonal relationships are a key element that ensures Indigenous businesses can interact and potentially forge a commercial relationship while simultaneously providing insight for LPOs:

The real benefit for me - the real tools that are successful for me is an opportunity to get out and talk to people. It's hit and miss, but I've never had somebody come away from a conversation or a pitch that I've had without taking something away. If they do, that means I need to listen more - it's an indication I need to listen more, [but] I'm demonstrating that I'm across what I do - I think that, for me, that's really important.

Indigenous Australian respondents unanimously agreed that one-on-one, interpersonal consultation prior to, during, and post commercial arrangements was very positive and essential to the bi-lateral success of their supplier buyer relationships with LPOs.

7.8.4 Self-determination and the economic imperative

During the present study self-determination and Indigenous Australian cultural values were found to unpin the respondents' entrepreneurial endeavours. George, a first-generation Indigenous business owner speaks of this ethos directly. He raises issues about the importance of communality, self-determination and cultural values:

...our cultural values that I think are important in this space are family, connections to country and connections to culture and connections to each other. And sustainability. Sustainability is not a white thing, black fellas invented that. So, what our cultural values are and how that translates into proper strategic thinking about the future economy of Australia, that's what we need. And we have to start thinking very clearly about positioning ourselves economically with China and the rest of Asia, and we have to do that independent of government and corporate favour.

Underpinned by Indigenous cultural values, George expresses his hopes for a future where Indigenous businesses should be autonomously expanding strategic commercial relationships internationally. He further discusses how strongly he believes in self-determination and in the Indigenous Australian business collective in relation to Indigenous people taking control of their own future:

It's still a hangover of colonisation, we think we can't scratch ourselves without a government policy. I don't give a f..k about what government policy is actually, that's the small game. I'm concerned about Aboriginal corporations and artists and traditional owner groups...I think we need them, some of them are visionary... I think we need to bring to bear the collective capital that we already have, the economic the cultural and the social...

Interviewees also highlighted the importance of Indigenous business networks, that is, the importance of the bonding aspects of social capital for Indigenous business. James shared his views on the importance of the Indigenous collective to their company:

Each corporation has two directors that sit on the federation board. The federation board is... a peak body which advocates on behalf of and provides a collective voice for all those Traditional Owners [TOs], advocates to government, corporates and everything else about trying to strengthen our corporations and provide opportunities for TOs and influence government policy and so forth. They were the key reasons why the federation came together; you know, strength in numbers. The federation was always interested in enterprises and of what it could be involved with that would benefit TOs. We are very fortunate to be working with Native American organizations and groups and tribes that are working towards their path of sovereignty among their efforts. We find ourselves within our company always involved in making sure voices are being heard. So many times, voices are not being heard and they're being neglected due to the powers that be.

James said how their company strongly advocates on behalf of their collective communities. Asserting self-determination and working closely with Native American groups, sovereignty is a central function of their federation. Furthermore, he mentioned 'strength in numbers' referring to Traditional Owner groups (TOs) uniting for a common cause. These TOs are

located across their state and it clear that their communities' interests are a key objective for their company. Commenting on culture, communality and commercial relationships, Dennis, who is in the communications industry, said:

It always comes down to culture and community first. So, we're not going to bulldoze or step over one another to get to that finish line. It's always having culture front and centre to everything that we do and everything that we're about. And I think that's the key difference to why Indigenous businesses do what we do. Because if we don't have that support from our community, you might as well shut up shop.

7.8.5 Importance of Intermediaries as an enabling solution: Supply Nation

Another common factor that seems to progress positive commercial relationships is Supply Nations' Connect conferences and tradeshows. This again demonstrates the importance of Indigenous business networks and how events such as these can produce and foster positive outcomes for Indigenous Australian businesses, with Karen stating:

I would say that there is a real desire from both sides of the spectrum to want to get to know Indigenous businesses and what they can provide. I met some members of the [names the government LPO] at the Supply Nation Connect Conference that led to me being able to seek sponsorship from them to deliver an event, that was a partnership with them [which] led to me being able to receive a small amount of work. But what I did notice is that they were really open to getting to know me, so I had lots of meetings with them...and they were really open to talking to me and maintaining a relationship. They actually wanted to know about my business. The small piece of work that I did do for them actually referred me to this part of the business that needed my services. I found that to be really valuable.

Karen outlines how she built the relationship over time after first meeting at the Supply Nation event. Both parties were eager to progressively develop their commercial relationship and after numerous meetings, developed a mature commercial relationship that is beneficial to both. Scott talks about how an LPO used Supply Nations, Indigenous Business Direct website to connect with potential suppliers:

[names LPO] has done it off their own back...got onto Supply Nation, got the companies that they thought they could do. I actually spoke to five different divisions. One of the biggest benefits for any Indigenous company now is Supply Nation which - like the larger companies - it doesn't matter - even if it's a small job, they look at through there. If you're certified, you cut a lot of the time and paperwork out.

Malcolm agrees and discusses the importance of Supply Nation to their commercial relationships:

I suppose one of our greatest tools is being involved with Supply Nation. We found that our engagement with our clients over the time have come to us because we have been resourced via Supply Nation, and therefore endorsed and allowed entry into corporations. That has been a valuable for us.

Lynette discusses her positive experience about early engagement with a potential customer:

It was positive. Part of it was the first contact did come through Supply Nation. Then we continued that relationship with them outside Supply Nation. Obviously that was the first port of call. Then they introduced their procurement strategy that came in I think it was last year as part of with Supply Nation so they were then advising people to go to their site and go through a particular way.

James also expresses how important Supply Nation is to their construction company:

One of the positive working relations - we became members with Supply Nation not long after we formed. I suppose Supply Nation has enabled some growth networking opportunities. It also provides some validation for your business. So as an Indigenous business, to be certified by Supply Nation is really a crucial part of getting business.

Lindsay expresses how his IT company being provided the opportunities through Supply Nation has allowed his company to build:

And then within 12 months of becoming established as a business, we were certified as a Supply Nation supplier. And through that time we've had a few engagements through Supplier Diversity programs. We've had several that have been in the corporate space which have been really great opportunities for us and helped us build

up our business, and we've had also several as well that have been predominantly in State and Local government.

7.9 Frequency of themes from Indigenous Australian businesses

This section provides a visual overview of the analysed data. The way by which the data has emerged for this section, is the same as the corresponding section in the previous chapter. The following representations of the data are descriptive and will be further analysed and discussed in following chapters.

Figure 22 below summarises the overall percentage of all responses relating to factors that underpin positive relationships between Indigenous Australian businesses and their LPO customers. It demonstrates that personal relationships and trust and reciprocity are clearly the most important factor that underpins better practices when dealing with Indigenous Australian owned companies. Collaborative approaches, the way information is communicated and having similar values, ethical principles are also critical. Other factors that underpin positive relationships with Indigenous Australian businesses are agility of their companies, LPO compliance issues and industry knowledge.

Figure 23 Top 10 factors that underpin positive commercial relationship for Indigenous businesses

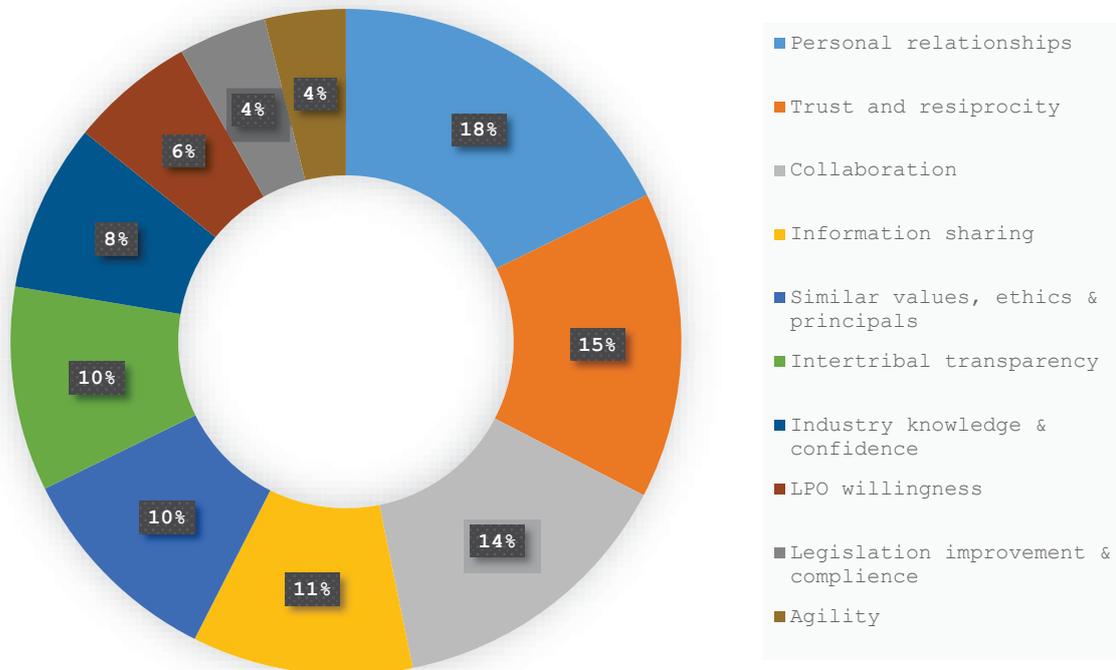


Figure 23 below summarises the factors that underpin negative relationships for Native American businesses and their LPO buyers. It demonstrates that limited ethnic diversity within LPOs and the limited nature of their own business diversification underpins negative relationships with LPO buyers. In terms of TCE, this highlights the issue of small numbers. A complex and hostile environment are other important factors that underpin negative relationships. Other factors include poor advice, mistrust and misaligned values. Externalities and the length of time a business has been operating are also common.

Figure 24 Top 10 Factors that underpin negative commercial relationship for Indigenous Australian businesses

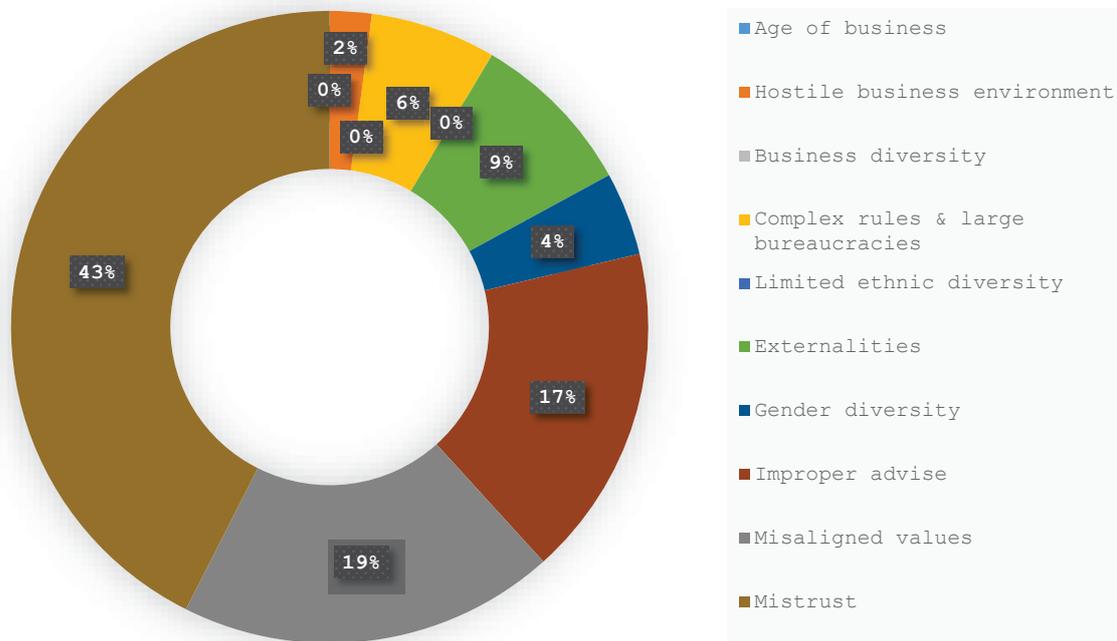


Figure 24 below summarises the top 10 challenges confronting Indigenous Australian businesses. It demonstrates that perceived racism is the top challenge. Of these challenges, the ability for Indigenous businesses to scale-up their operations is a major challenge. The next three challenges can be reduced discriminatory practices by LPOs. The inequity of power in the relationship is next which relates to how dependant they are on winning contracts from LPOs. Another challenge includes misleading and deceptive conduct by LPO personnel which relates to opportunism. Inconsistent policy and legislation are viewed as risks, lack of insight by LPO into Indigenous business, limited access to decision makers and mistrust are all considerably challenging.

Figure 25 Top 10 challenges confronting Indigenous Australian businesses

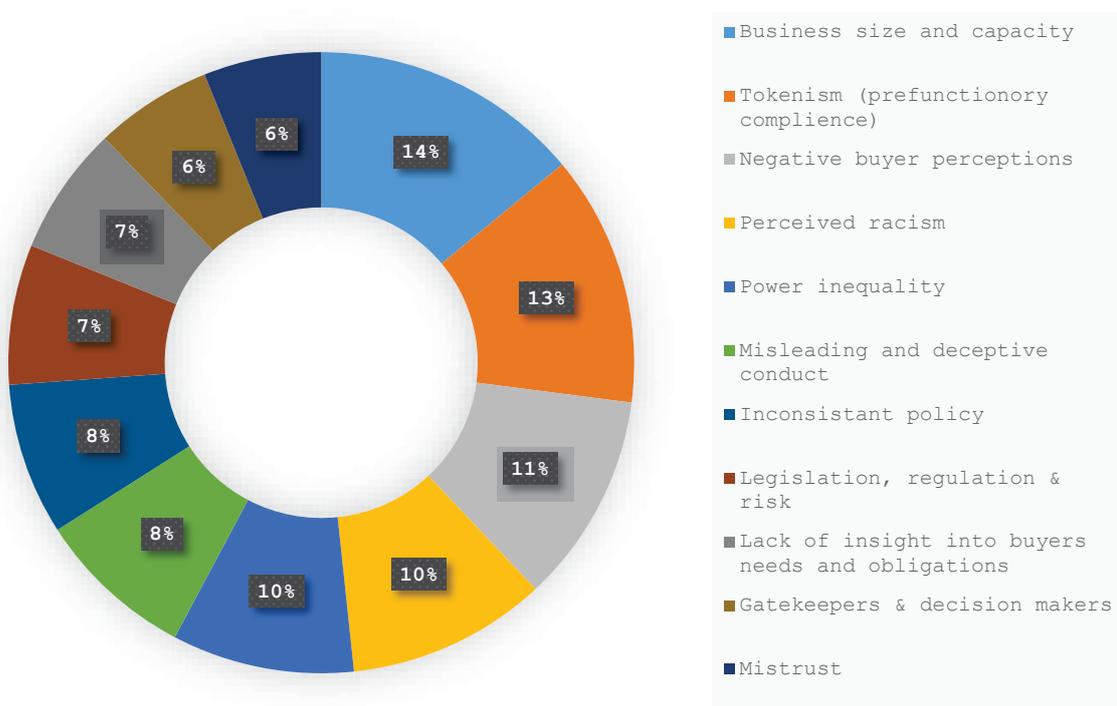
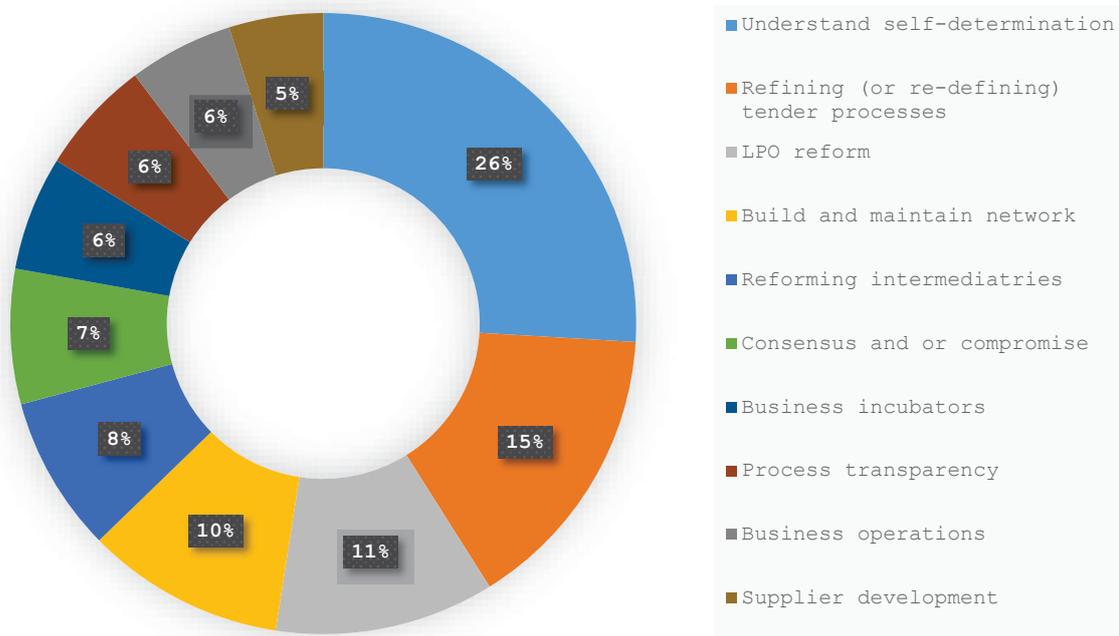


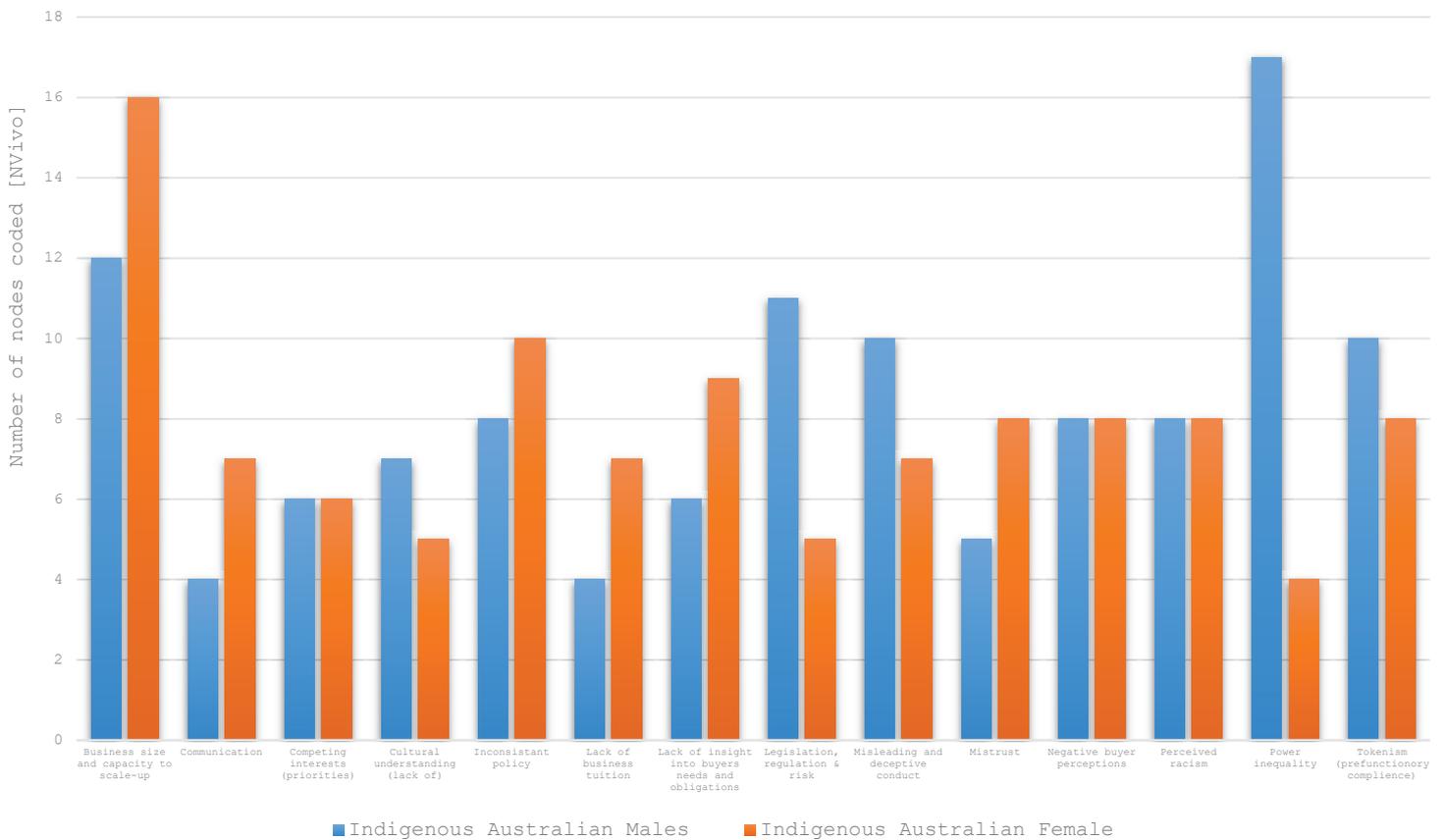
Figure 25 below summarises solutions that Indigenous Australian businesses have set forth. LPOs understanding what self-determination means is a clear-cut top solution that Indigenous Australian businesses see that will reduce transaction costs. The next two solutions involves LPOs making internal changes including their tender processes and building and maintaining networks to ensure the reduction of transaction costs. Other solutions included continuing to improve intermediaries, developing Indigenous business incubators, improving supplier-buyer transparency and scaling-up their business operations through supplier development.

Figure 26 Ten solutions advocated by Indigenous Australian businesses to reduce transaction costs



By way of in-case comparison, Figure 26 below displays the challenges of Indigenous Australian males and females, by industry to understand the similarities and difference in order to propose solution that are appropriate. The industries include professional services and training and education businesses. The main characteristic of the bar chart is, the similarities across most challenges identified, including competing interests and other priorities, lack of cultural understanding by LPOs, negative buyer perceptions, perceived racism and tokenism to comply with statutory obligations. Another feature is the challenges that relating to them scaling-up, that is grow their businesses to meet increasing demands. Another visually obvious difference is in the challenged faced regarding power inequity. Power in TCE is about resource dependency and the evidence here suggest that Indigenous Australian females are not as dependant on LPO resources as Indigenous Australian males. Other differences include legalities/risk, mistrust and the way communication are distributed.

Figure 27 Comparison between Indigenous Australian challenges by gender and by industry



7.10 Chapter summary

The results presented in this chapter indicate that Indigenous Australian businesses are based on principals of self-determination and Indigenous Australian cultural values and this differentiates these firms from non-Indigenous owned businesses in Australia.

All of the respondents reflected on positive engagements they experienced with other LPO buyers. The circumstances surrounding these positive experiences provided evidence of some of the factors that underpin inclusive procurement initiatives for Indigenous Australian suppliers. The main underpinning factor that led to positive relationships was the humanisation of the commercial relationship through genuine interpersonal, long term relationships that combine open communication and transparency. Furthermore, ensuring that there is a cultural and value match that helps build social capital within Indigenous communities with initiatives such as supplier development was also vital to positive

commercial relationships. Other factors include, but are not limited to, appreciating and recognising Indigenous products and services and ensuring that inclusive procurement initiatives are horizontally and vertically embedded and fully supported throughout the LPO. To overcome the challenges in these relationships, a number of solutions have emerged. Providing opportunities for LPOs to develop a deeper understanding of the uniqueness of Indigenous Australian business, particularly their commitment to self-determination and cultural values was considered to be essential to improving the business relationship. Reforming the LPO tender process, from the premise that one size does not fit all and could help Indigenous business to be more often successful in their tenders. Continuation of networking and LPO to commit to Indigenous business supplier development, possibly mentor-protégé programs. Prevent opportunistic behaviours such as black-cladding and cartels emerging by redefining what it means for Indigenous business to be owned managed and control.

Despite self-determination and their cultural values being central to their firms' objectives, Indigenous Australian businesses have experienced numerous challenges when attempting to bring their products and services to the marketplace. What stands out from the responses is that all of the participants reported enduring some form of discriminatory, ignorant and even racist encounters that negatively impacted their commercial relationship with LPO buyers. Numerous Indigenous Australian examples were given of tokenism, becoming aware of negative perceptions of Indigenous businesses and instances of opportunistic behaviour by LPO procurement professionals or other personnel, such as reproducing intellectual property of Indigenous business tender documents, all of which contributed to discriminative practices of LPOs. Another stand out result is that when Indigenous Australian businesses sought to *scale up* to meet customer demands or to diversify into more worthwhile markets, they faced numerous challenges that have inhibited their progress such as limited LPO resourcing for Indigenous specific supplier development programs.

External barriers to the success of Indigenous businesses were raised frequently by participants. These barriers included the minimalist approach to procurement by LPOs, stereotyping and other negative perceptions of LPOs, the risk averse nature of LPOs when dealing with Indigenous businesses, inadequacy and unrealistic expectations of public policy, the private sector having limited or no supplier development initiatives which can support

growth, restrictive contractual arrangements, absence or problematic joint venture requirements and standards and inability of current Indigenous support mechanisms to manoeuvre when needed. Internal factors were also identified, including cautiousness towards partnering on the part of Indigenous businesses, limited understanding of more lucrative markets, lack of business confidence and the level of comfort with agility of being small to medium sized, all have unquestionably impacted on relationships between Indigenous Australian suppliers and their LPO buyers. Other important but less prevalent challenges that Indigenous Australian businesses are confronted with are power imbalances within the commercial relations and misleading and deceptive behaviour of LPOs.

In some cases, these challenges are related, for example, LPOs taking advantage an Indigenous business because of the Indigenous suppliers' dependency on winning their work. The LPO in this case wanted the product and services tailored to meet their needs. This was done at no additional cost to the LPO even though, the request was outside the provisions within the contract. The Indigenous supplier submitted to the demands of the LPO, because they did not want to risk the major contract and delivered a product that was very different from the original brief to which both parties agreed. The negative experiences described here furnish evidence of some of the factors that underpin negative relations between Indigenous Australian businesses and their LPO buyers. Factors such as mistrust, non-alignment of values (or cultural mis-match), inappropriate advice and LPO complexity have all contributed to constraining Indigenous Australian and LPO buyer commercial relationships and possibly put at risk inclusive procurement initiatives.

When asked about negative experiences with LPOs, an overwhelming majority of respondents said that they endured some form of discrimination while conducting business. Furthermore, numerous LPOs lacked supplier development initiatives, wanted tick-a-box cultural workshops, asked business to provide Indigenous content only, when their businesses have much more to offer, treated Indigenous businesses with disrespect, behaved in disingenuous and inauthentic ways, treated Indigenous businesses as inferior and set low expectations, such as one state government Indigenous procurement target has done. Taken together, these issues have left Indigenous Australian business owners feeling cautious about their commercial relationships with many LPO buyers. Nevertheless, at the transactional cold face with Indigenous Australian businesses, LPO values seem to have become secondary to

Indigenous Australian cultural values such as, reciprocity, communality, familial obligations and growing and continuing social capital within Indigenous Australian communities and businesses.

When asked about positive experiences as Indigenous business owners, respondents spoke of their values and LPO values aligning, hence a cultural match; LPO professionals' abilities to 'get out of their comfort zone' and build genuine, trusted interpersonal engagement with Indigenous Australian businesses; and having a policy or strategic frameworks in place. A recurrent positive theme for all respondents was the expression of how principles of self-determination and Indigenous Australian cultural values play out in their business lives. For most respondents it was important that inclusive procurement has been person centric, is valued within LPOs and able to continually grow an Indigenous economy and Indigenous business sector. Other positive experiences occurred when LPOs authentically engaged, had a strategic framework in place and Indigenous businesses had their needs met across the tender process. For Indigenous businesses, scaling up, being certified and attending events such as meet the supplier and tradeshows was crucial to the ongoing success of their companies.

The positive experiences were underpinned by factors such as a sense of empowerment and connection with Indigenous businesses, humanising the relationships through interpersonal dedication, high levels of trust and enthusiasm between Indigenous businesses and LPOs, transparency and truth telling – commercial or otherwise, co-designing of relational values, the level of embeddedness of inclusive procurement at LPOs and tender procurement process that are flexible to meet the unique needs of the Indigenous business sector.

Indigenous Australian respondents have put forward numerous solutions to the challenges they face. Taken together they include: increasing the executive education for LPO procurement professionals and other personnel, preferably delivered by appropriate Indigenous shareholders, and with a focus on the uniqueness of the Indigenous business sector; and reforming their LPO inclusive procurement processes accordingly. This education is expected to mitigate some incidences of racism and discrimination felt by Indigenous Australian businesses while aiding LPOs transition to inclusive procurement, away from corporate social responsibility and toward a business proposition.

Another proffered solution is a tailored, consistent effort by the public and private sectors to ensure the growth of Indigenous businesses that can be prepared and equipped for such transition. This should be through specific executive Indigenous business development programs that provide theoretical and practical experiences together with material higher-level contractual obligations. Individualised mentor-protégé arrangements that are not necessarily joint ventures should frame this type of program.

Interestingly, for many Indigenous Australian businesses, there was little reference to challenges such as long-term incumbent suppliers, small numbers of Indigenous suppliers, industry downturn and diversity. However, other than results previously mentioned, the Indigenous business narrative suggests that to reduce transaction costs for Indigenous owned firms, LPO managed inclusive procurement policy and practice, should correlate. That is, LPOs are failing to act on rhetoric presented in Indigenous engagement strategies.

Chapter 8: Australian and North American comparative analysis

8.1 Introduction

Through the comparative analysis, in this chapter I identify the factors that underpin both the positive and negative aspects of Indigenous businesses' commercial relationships with their respective LPO buyers. In so doing, constraining and enabling features are highlighted. This analysis sets out to determine the nature of possible ways that the relationships can be improved and draws deeply from the innovative ideas put forward by the respondents. These suggestions are then examined through the theoretical lens of TCE, in particular whether the suggested improvements require changes in the institutional environment – changing the rules of the game - or changes to institutional governance – changing the state of play - or both.

8.2. The comparative method

As described in Chapter Three on methodology, this chapter's comparative analysis involves the building of comparative tables generated from data entered into the qualitative analysis software NVivo, a process where data for both cases already coded in categories, is then retrieved for comparative analytical purposes, a process described by David Silverman (2014). The comparison provides quantitative graphs and charts of where qualitative data is similar or differs across the two cases. Then the chapter presents further analysis of the tabulated data for sense making purposes. This chapter concludes with a nuanced description of how the cases compare and the key findings of the results of the comparisons.

8.3 Indigenous businesses and positive experiences of LPOs

This section of the cross-case analysis examines the similarities and differences of both groups of Indigenous business owners in terms of their reported positive experiences with LPOs. It then looks at the factors that underpin these positive experiences, again exploring the similarities and differences. Table 8 below summarises what Indigenous businesses in both cases, have said about their positive experiences of their relationships with LPO buyers.

Table 8: Positive Experiences of Indigenous Businesses

Summary of Positive Experiences

Native American Businesses	Indigenous Australian Businesses
Being a Native America veteran and have a business that is in short supply	Being immersed in and enjoying the work one is doing - believing in the impact it can make
Being autonomous	Having the ability to choose who not to work with
Location of business and being able to easily network	When LPOs have a deep understanding of inclusive procurement
Tribal Government has its own procurement policy and being chosen for a project by that Tribal government	Working with LPOs in a transparent and honest relationship - trust is built
Repeat client	Long term clients
Getting to know the right people and processes	When there's a flow on to Indigenous communities
Help to develop legislation that can help other Native American people	Being sort after as a supplier
Being an advocate to government for Native American communities and being connected to those communities	When initiatives are policy led - rather than politics led
Being resourceful, innovative and creative	Ability to be flexible and innovative
Being able to draw on your networks when needed	Drawing on other Indigenous businesses in the network for service provision which empowers the company
Engaging with LPOs for the first time and the personal relationship that was formed	When there's a cultural match in a JV relationship that works
Working with Tribal Governments to meet their historical and cultural needs	Being a certified Indigenous business and the relationships, this can provide
Being the protégé in the mentor-protégé relationship where the mentor was a highly respected Native American businessperson	Creating employment as result of wining work with LPOs
Creating and maintaining customer relationships & the larger contracts that have materialised because of them	When LPOs understand supplier development and support it
How the network is word of mouth and interpersonal and being provided the opportunities	Working with a client to improve conditions for Indigenous workers
Clients are appreciative of your work and they can demonstrate that	Realisation of personal capacity and quality of work then being acknowledged because of it
Support programs of intermediaries, some of which are Native American owned and controlled, that assist Native American business build their capacities	When LPOs have supplier development opportunities
	When government policy initiatives are actioned, which create demand for goods and services
	When good communication is evident
	When evidence of one's work is publicly realised
	Locally delivered program increased to be nationally implemented

8.3. Similar Positive experiences

8.3.1. Shared view that certification as an Indigenous business was valuable

Both groups found the experience of being certified as an Indigenous business to have led to positive outcomes. For example, Native American respondent Brian said:

So I think it was just kind of word of mouth advertising so, it gives us an edge, so certification does help...we also have the education and the experience.

Indigenous Australian owner, Karen, talked about how certification provided her with access to potential LPO buyers:

Just recently I sent out my capability statement, I got certification, so I went through Supply Nation's member directory, and I picked out the members that I wanted to send my capability statement to, and I emailed that to them individually, a personalised email each. I sent over 150 emails."

Lindsay, based in Sydney, said that being a certified Indigenous business has been positive:

So as a business we've been around for three years and during that time, I guess initially we worked through getting our Supply Nation certification. And then within 12 months of becoming established as a business, we were certified as a Supply Nation body, or a Supply Nation supplier. And through that time we've had a few engagements through Supplier Diversity programs.

Indigenous Australian Lynette said that contacting Supply Nation for certification was the "first port of call" for Indigenous Australian businesses:

It was positive. Part of it was the first contact did come through Supply Nation. Then we continued that relationship with them outside Supply Nation, obviously, that was the first port of call.

On the role of certification intermediaries in the US, Oklahoma-based Ryan, said:

We've had some large contracts through there. All based on certifications and the personal relationships, people, keeping their eye out for opportunities for us, and then being able to reach back out to us, and then offer us those opportunities.

8.3.2. Indigenous Business positive experiences with LPOs- understanding inclusive procurement practice

Other similar positive experiences in both cases is having a relationship with LPOs that understand what inclusive procurement is about, as Karen points out

But what I did notice is that they were really open to getting to know me, so I had lots of meetings with them talking about their challenges; talking about my services, and they were really open to talking to me and maintaining a relationship with me, they actually wanted to know about my business.

Neil makes a similar point about the value of understanding inclusive procurement:

Look, it's just people. It comes down to people. In the past, when - the reason things work is because people get it. They understand what you're doing, I understand what they want, and I don't say it's all everybody else's fault, we have to meet the market.

June also discusses that when there is an understanding about the relationship, particularly the cultural aspects, relationships can be positive:

They were trying to find someone to run social media campaign or facilitate a strategic planning meeting, who is Native American...but there's always that element of knowing you, before you start talking business you shake hands, you take time to kind of say who you are and where I'm from that allows us to establish that relationship...because it's all about the relationship. For it to be of value, I think for me it was a positive because it was an alignment with my company's values and that my company exists to make Indian country better.

Other similar positive experiences in both cases are related to LPO buyer acknowledging and appreciating the work that Indigenous businesses, as Native American Brian points out:

The positive working relationships is basically, it's, a lot of it is personal satisfaction, that I was able to help the Tribe, help the clients fill whatever need they had. And the other real positive part of that is the clients appreciate what we do.

Mandy, who's education and training company is based in Brisbane, said appreciation works two-ways:

But after that, I jumped up and I went over to that man and I said to him that actually blew me away. I wasn't expecting that to happen. I said, thank you so much for sharing your personal stories with us in front of 600 people that you probably don't know most of us...I know it must have been very different. And he said, 'it was actually - I've been stressed out for a while trying to do this - two minutes of my time was spent on this.' So as I said to him, thank you...[names business partner] wrote him a letter, an email, and she thanked him as well.

Another similar positive experience within both cases is being able to draw on the Indigenous business networks as Alwyn, based in Melbourne, discusses:

I see so many people start off in a little business and they'll close it within a year or two years because they don't actually have the mentoring and the support. We did actually have a – in Victoria we actually had the Koori Business Network.

Shane from Phoenix, agrees and adds that business networks are like families:

I have been trying to do, definitely more of that in the past few years and go to these events where you meet more people that are around in your community that aren't Native and tell them about your business. It just becomes a big business family, of partners and people that know what you do, and they know that you do it well and that's how you get clients

8.3.3 Positive experiences that different by case

There are several positive experiences that are unique to each case. Some of these positive experiences are largely centred around Native American businesses working with Tribal governments. By contrast, in the Australian case, none of the businesses discussed working with LPOs that are Indigenous owned. One of the Australian respondents is a CEO of a company that is a for profit entity that has a social purpose and engaged in procurement, however this business was formed as a joint venture by several traditional owner groups in Australia.

The positive experiences of many Native American businesses are uniquely Native American. For example, Nadine said:

We have an internship program with the [names university which is Native American owned] University. They were my employees, so we're 100% Native American and having that ability to pass on some of the information that I've acquired over the years, as far as our history is documented, and how the actual records should be preserved, I wanted to pass it on to those, my Interns. The program there at [names university], I want to say a little bit about, because it is the only program offered to students at any university within the United States on Indian records, so that is a specialty. They are certified on their completion of three semesters on their curriculum. They are certified by the Archivist of the United States. This is a big deal and I'm really proud. They come out fully trained to be able to go out into the field, working with the records and I'm very proud of that, I really treasure that. That's a really important key to my program.

Darren also describes his positive experience in terms of the Navajo Nation economic development plan:

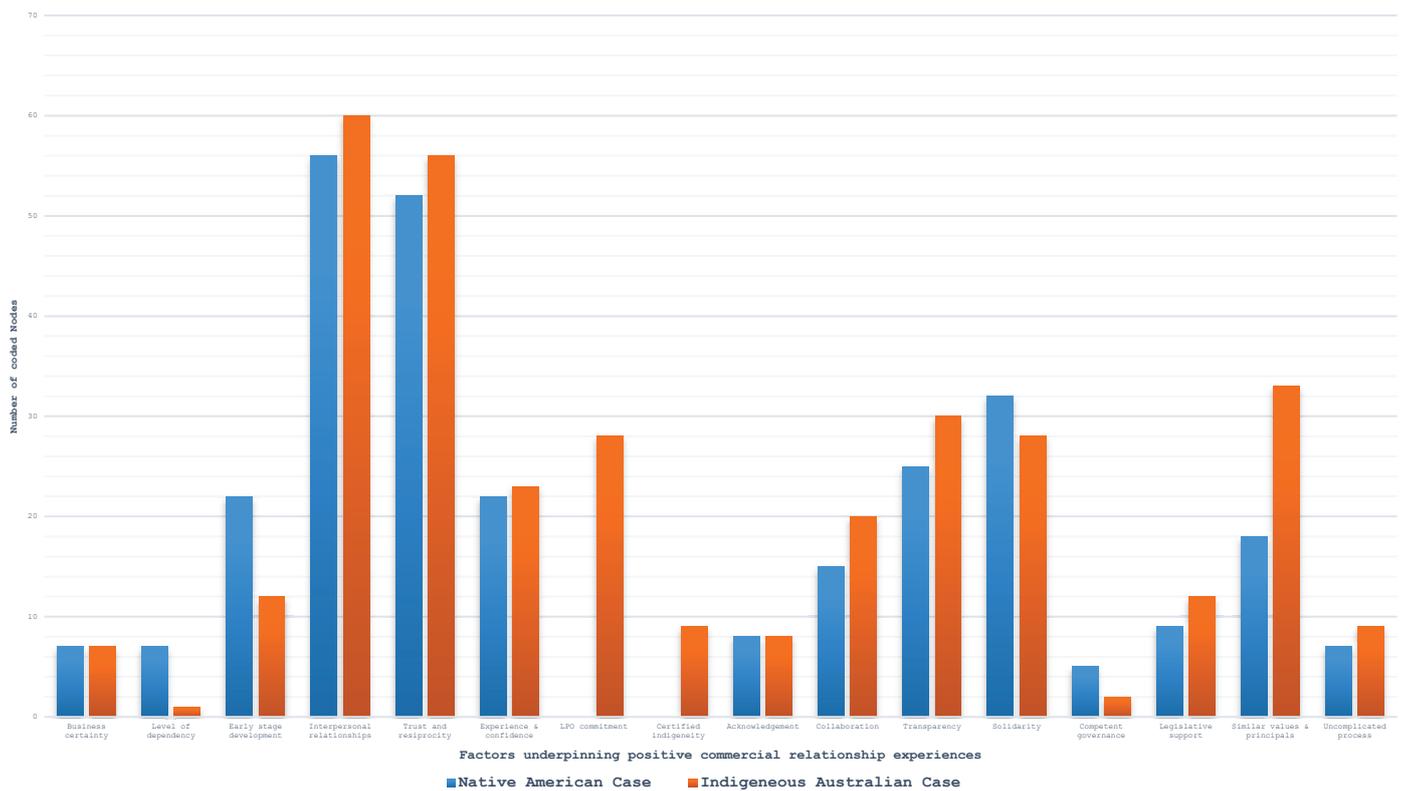
This next year there will be Navajo preference, no matter what the contract. The whole base of it is to drive economic opportunity onto the base of the Reservation, as opposed to taking it off...because a lot of the time you get firms that team up with Native American companies and then they do work on the Reservation ... but the money is still going off the Reservation. So many people that want to get the money onto the Reservation...as opposed to going off the Reservation feeding them private corporations.

8.4 Factors that underpin positive experiences

This section will now discuss the factors that underpin those positive experiences. This is done to understand the determinants of those issues as to build on them to ensure the commercial engagement process between Indigenous businesses and their LPO buyers are positive and successful for both parties. Figure 27 below shows similar, different and neutral factors that underpin positive experiences of Indigenous businesses. As with the factors that underpin negative experiences, the factors have been generated through a combination of transaction costs economic theory literature, and the analysis of the fieldwork data related to the

negative experiences and challenges which Indigenous businesses. The following section will highlight a number of these factors.

Figure 28: Factors underpinning positive commercial relationships between Indigenous businesses and LPOs in Australia and the United States. Underpinning factor by the number of coded nodes



8.4.1 Description of the underpinning factors that enable Indigenous businesses

Following is a brief description of the factors underpinning positive relationships: *Business certainty*: continuity of work and repeat clients; *Level of dependency*: Indigenous businesses reliance on LPOs; *Early stage development*: start-up stage of the business lifecycle; *Interpersonal relationships*: in-person communication, human interaction; *Trust and reciprocity*: authenticity of relationship; *Experience and confidence*: having an understanding of the marketplace; *LPO commitment*: when LPOs are actively involved in inclusive procurement; *Certified indigeneity*: being certified as an Indigenous business owner; *Acknowledgement*: when LPO demonstrate appreciation of commercial partnership; *Collaboration*: working together; *Transparency*: open communications; *Solidarity*: demonstration of unity; *Governance*: management and committee succinct; *Legislative*

support: willingness of policy and politics; *Similar value*: cultural match; *Uncomplicated process*: systems are not onerous. The following discussion is the authors interpretation of the data presented in Table 11 above which relate to positive experiences of Indigenous businesses. The analysis will discuss several key factors that underpin positive relationships as to understand where and how these factors can be progressed in order to reduce transaction costs both the Indigenous supplier and their LPO buyer. The section will highlight some of the findings [not all] from Table 11 above. This will provide an understanding of the underpinning factors that enable Indigenous businesses.

8.4.2 Comparative results

The obvious standouts similarities from the Chart 11 are the interpersonal relationships and, trust and reciprocity factors. In relation to having direct relationships with LPO buyers, Darren, whose business is in Phoenix, discusses how supplier and buyer get to know each other on a personal basis:

It depends, there is some, there is a little bit of, and there are people specific to reaching out to minority or I guess indigenous contractors. You know you see them at the conferences, you see them at the special offices throughout. Being in Phoenix a lot of them are downtown and they'll reach out to us, to you, knowing you have a business. They will try to get you involved at monthly seminars at them.

Discussing what should happen once engagement has occurred, Dennis from Brisbane said:

They're putting Indigenous businesses in a room and we're having this discussion around what are the challenges and what are the advantages and how would we like to see things run? I think one of the great things about that is that we're all part of a dialogue.

Ryan, from Oklahoma, discusses how his family was helped, through a personal relationship, to help their company grow:

we've had a lot of positive relationships, a lot of positive business and personal relationships through this company that have driven the business forward. One of which, would definitely be our tribal representation, helped direct some of our growth, offered some insight to Mom, on areas that we could grow into, and seeing

needs at the tribal nation” adding “we’ve utilized that network and several relationships like that one, that have driven us to expand our business, to grow our business, and come out with a positive result from a personal relationship, a positive business result, of a personal relationship that we had created and maintained, and then strategically while still maintaining our integrity.

Harrison, from LA, advocates that getting to know individuals is critical:

The first one that comes to mind would be understanding the process, making sure that you know what the deadlines are the what deliverables are, what the reporting process is, getting to know some of the people in the process to make sure that you are able meet those objectives, I’d say that’s number one.

Scott, based in Brisbane, said that if LPO don’t visit your place of business, Indigenous business should take the initiative and visit them:

I physically drove to all those - made appointments with their procurement and actually sat down with the procurement team and introduced myself. That was nine years ago and I've still got people I talk to from those meetings that remember me.

Lindsay on the other hand and talked about how he lacked confidence to network and how Supply Nation helped his business:

Those relationships that we established helped us, as a business, to understand the way that we engage effectively with corporate Australia and government Australia. I guess we had a mental ceiling or a block that we’d put on ourselves as a business. In order for us to actually progress to the next level with our business and to start to grow our skills and capabilities, it was important for us to find that one initial business-person...which was willing to engage us.

Lindsay added that the way he builds confidence is through personally meeting potential clients:

And by being able to walk in there and having that self-realisation and sitting in the meeting room and actually having the conversation, you take it back to the human

element and you just realise that it's the most important thing that you're dealing with and there are other people on the other side with their own goals, their own agendas.

The other major similarity is the trust and reciprocity factor. This factor relates to the authenticity of the relationship and when asked about building this type of relationships, Scott said:

Well, obviously, you've got to build the trust up. That's the main thing. Build the trust up because obviously these guys don't know you from a bar of soap...I don't know if they really trusted us. I don't think they had enough - they didn't have the trust in us, even though we'd been doing it for numerous years - we had a lot of references.

When discussing working relationships within her Native American community, June talks about how they perceive her because she is personally involved:

And the service I provide they kind of already saw me as an expert to come in and help. And there's always trust, I guess that is a big thing that's been a positive thing is the trust.

Dennis also mentions elements of trust relationships when discussing his relationship with a major client:

It's been a very honest, robust relationship where there's give and take on both sides. But it's really important for us to have that trust because it allows us to be - you know, get better as a business, as a service, and also for us to be open and honest about where they can improve, make changes and whatnot to ensure that - you know, what are the aims and objectives of both parties.

Another major client of Ryan's knows their business well, even as a sub-contractor:

Contracts where we don't do the main scope we're able to come in and provide components and support that and again that's all of due to positive personal relationships we have with the prime contractors on those deals, they trust us they know that we're a genuine business and if they're anything wrong they know we'd handle it they're not going to have to call a 1 800 number and talk to five different people and wait five months to get a resolution.

In his discussion about trusting relationships, Alwyn, based in Melbourne, mentions that mistrust may be overcome through network endorsement or those who may have referred ones' company:

I find that once people come to my workshops, even HR, they're oh this is perfect because sometimes they come with the perceptions this is what we want you to deliver and I actually go you know what? It's not going to work. And you got to trust my 10 years of experience in doing this that sometimes what you want might sound really good on paper but theoretically it's not going to actually pan out that way. And trust me and you'll get the best response. And I think nine out of 10 people will trust me straight away and going look, you've been recommended by these people, these people, these people, go with what you want.

Alwyn also mentions having trust in potential employee with delivering his services because of experiences of professional services colleagues:

And part of me is I don't know who I can trust in terms of doing my workshops and aren't going to just fuck off with them and try to go on their own consultancy because that's been a pattern that not just myself but a few other consultants have said, they've found somebody, trained them and then next minute they want to leave with basically your product, tinker it a little bit and then they're redelivering your product.

Alwyn also talks about building trust:

I won't do it at the first meeting because they still don't know me but after a while, they go yeah okay, we trust you. Because I can also show them what it will look like in the end. Because one thing that I've always maintained is that I do a lot of study myself.

In terms of differences in factors that underpin enabling commercial relationships between Indigenous businesses and their LPO buyers, LPO commitment is not as prevalent in North America as it is in Australia. Other differences that are less prevalent in North American are being certified as an Indigenous business and value similarity. This issue will be explored further in the discussion chapter.

8.5. Indigenous businesses negative experiences with LPOs

This section of the cross-case analysis examines the constraining negative experiences of Indigenous business owners then compares them in terms of similarities and differences. It then looks at the factors that underpin these negative experiences, again exploring the similarities and differences. Table 9 below summarises the themes from what Indigenous businesses, in both cases, have said about negative relational experiences they confronted with when engaging with LPO buyers.

Table 9: Negative Experiences of Indigenous Businesses

Summary of Negative Experiences in both cases

Native American Businesses	Indigenous Australian Businesses
LPOs being superficial about opportunities	Superficial LPOs
Low quality supplier development programs	LPO supplier development is under-resourced
Being refused finance for insurances, bonding and assets	Lack of communication within LPOs about Indigenous suppliers
Attitudes of LPO procurement professionals	LPOs think Indigenous businesses are substandard and treat them as such
Limited or no recognition - being overlooked	Intellectual property being used without permission through the tender process
Being neglected in policy decisions	Indigenous intellectual work being amended to suit LPO needs
Contractual terms don't make provisions for small business - payment terms	When processes are overly bureaucratic
Limited supplier development for Native American businesses	LPOs and policy attempting force their values onto Indigenous businesses
Large incumbents difficult to depose	LPO are too risk averse when it comes to Indigenous businesses
Supplier base minimisation	Ignorance/racism or stereotypes about Indigenous people
Being told falsehoods by LPO professional	When 'front-companies' (black-cladding) becomes a competitor
Being taken advantage of by LPO	Lack of understanding about the need for Indigenous understandings
Intimidation of LPOs	Not dealing directly with the right person or decision makers
Hard to find the right procurement people and channels	LPOs just want to comply and not engage authentically
The multitude of LPO certifications, CMS and tools	Limited consultation with local communities by LPOs
Wasting intermediaries' resources	Inclusive procurement not a priority for LPOs
	Lack of inclusive procurement education for large second tier non-Indigenous firms

Tender process is arduous and may not furnish results

LPO don't know about products and services of Indigenous businesses

8.5.1 Negative experiences that are similarities in for Indigenous businesses in North America and Australia

The inauthentic way by which LPOs communicate with Indigenous business is evident in what was said by Native American business owner, Avery:

...corporate diversity, because that's where I have the most issues. The corporate diversity is that you go into the Conference and then you have all these business that say they want to do business with the Native entrepreneur, but, like I said you go there, they point you to a website and they say go sign up for our Diversity Program. It's pretty much that. Not an actual "sit down", what do you do? These are the opportunities that are available that you're able to fit into... these available programs.

This is supported by Indigenous Australian business owner Dennis:

We'll talk to each other as Indigenous businesses, so we can actually grasp - okay, what's this mob - who are they - what are they about and who's working there and what's their intent? Because I think they might have a KPI over their reconciliation action plan or it's being driven government procurement targets or whatnot. But they just need to really do their homework and learn how to meaningfully - or want to meaningfully engage with Aboriginal and Torres Strait Islander businesses.

It is evident that from an Indigenous supplier perspective, LPO attempts at engagement are often inappropriate. Another similarity is issues around LPO supplier development for Indigenous businesses as noted by Avery:

You have to get those members that are successful and have a "mentor type" program, or if they take money from this institution they need some oversight on how they're going to use the money that you just gave them. Identify new opportunities and help them when they're facing new challenges - things of that nature. Kind of

common when people don't have the experience or training when they just start a business. If you just give them money it's a recipe for failure.

Neil, from Brisbane said that Indigenous businesses need mentoring to develop their companies, to build capacity and calls on LPOs for support:

So if the marketplace wants something significant, they're going to have to make significant changes and expectations. And if Indigenous businesses in the first couple of years fail to meet those expectations, then we fail, but give us feedback, let us know, mentor us so we win next year, so we build next year, so we can deliver the purpose of the IPP, which is wealth creation and job.

In terms of another negative experience that both occurs for Native American and Indigenous Australians is access to finance, as spoken about by Darren:

most Native Americans, or indigenous people don't have that kind of money they don't they weren't raised with the ability access funds or family funds or even credit worthiness or you know because you come from a Reservation they look at that as you need assets, you don't have anything to put down on a \$50k loan, on a business loan you don't have any quote on quote worth to show a bank, that they can lend you money and in order to have that you need some land or even a co-signer cause that's where the difference is being a non-Native.

Mandy expressed her experience when attempting to start her training and education business with no capital:

It wasn't easy when we first started out because we started - we just started with our own monies and just operated really on - just a credit card. No money on our credit card. Yeah, it wasn't easy, but we kept going anyway. We still can't believe we're still here today. We still haven't - we exist on what we earn, what we bring in. We haven't got loans from anywhere or anyone - not that we didn't try.

Yet another negative similarity is the way in which Indigenous business owners perceive how they are treated LPO professionals as David from Texas explains:

At the point where I told her that we were 100% native American owned and operated...the tone of her voice changed, her interest level evaporated, and she was no longer, at all, interested in talking to us as a business.

Malcolm, based in Melbourne has been confronted with a similar type of attitude:

You'll produce a job, it gets done and delivered, and everyone's happy - but we'll never hear from the client, we'll never be invited to celebrate the work that we've been involved in, to bring it all together. That's quite confronting.

8.5.2 Negative experiences that are different for Indigenous businesses in North America and Australia

The data shows that some negative experiences of Indigenous businesses were unique to Australia or unique to North America. That is, certain problems or issues were more prevalent in one case than the other. As seen in Table 10 above, the misuse of intellectual property by LPOs for Indigenous Australian businesses seemed to be a going concern. With her business Karen explains what happened to her intellectual property:

I'm trying to have a trusted advisor relationship by the way of giving information for free, and giving them solutions for free, in the fact that they'll come back to me for me to help them actually design it and implement it in a co-design framework. But it just leads me to think that they're taking my ideas and running with them and doing them themselves. So, I think that that's not a respect to indigenous business.

A similar incident happened to George who is based in Melbourne:

...and I understand why they have them, but I, for example, am very wary about doing jobs where government controls all of the IP out of a project if that intellectual property has been generated through community consultation, for example.

Neil elaborated on this point:

Give us a brief and we'll respond to it. Next thing we know they've published their first Reconciliation Action Plan a couple of months later, six months later or something, that uses other people in it, that talks about a lot of the wording that we've got in there, but we haven't seen a dime.

The negative issue for Native American business owners could be a result of the sheer size of large minority businesses and the economic conditions that are uniquely North American, that is, the size of the economy. As John points out when discussing how one incumbent minority owned business can dominate the market:

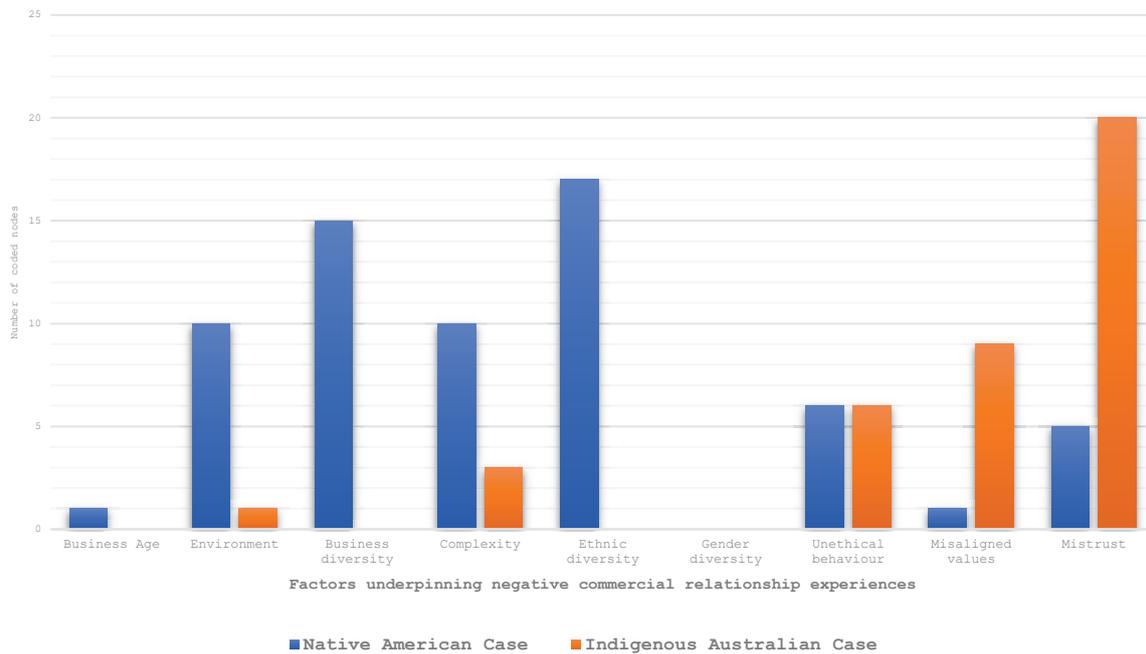
many of the companies in the United States have pegged on one of two very large companies that have grown to be diverse companies, large companies. There is one in the United States that's now a 7 billion dollar, that's 'billion' with a "B", a seven-billion-dollar Diversity-owned business. So frankly, that one company eats up a lot of the diversity spend.

The next section will examine factors that underpin negative relations.

8.6 Factors underpinning negative experiences

Given the numerous negative experiences that Indigenous businesses have had, this section discusses the factors that underpin them. This is done to understand causal issues with a purpose to mitigate or eliminate them from the commercial engagement process between Indigenous businesses and their LPO buyers. Figure 28 below shows similar, different and neutral factors that underpin negative experiences of Indigenous businesses in both cases. The factors derive from transaction costs economic theory, and the analysis of the fieldwork data helps to comprehend circumstances related to the negative experiences and challenges of Indigenous businesses. Figure 28 below summarises the constraining factors that underpin the commercial relationships of Indigenous business in both cases.

Figure 29: Factors underpinning negative commercial relationships between Indigenous businesses and LPOs in Australia and the United States (Underpinning factor by the number of coded nodes)



8.6.1 Description of constraining factors that underpin Indigenous businesses relationships

Following is a brief description of the factors: *Business age*: at what stage the business is currently; *Environment*: adverse circumstances that are external to the relationship which have impact, for example the global financial crisis or a banking royal commissions; *Business diversity*: business size and industry, location; *Complexity*: onerous, complex rules, large bureaucracies and inconsistent procedures; *Ethnic diversity*: minority status, for example, Indigenous Australian, women, veteran, African American, Native American; *Gender diversity*: how people identify, male/female/other; *Unethical behaviour*: business behaviours of LPOs that fall outside what is considered morally right; *Misaligned values*: a cultural value system mismatch with LPOs; *Mistrust*: the level of trust Indigenous businesses have of LPOs. The following discussion is the authors interpretation of the data presented in Table 6 above which relate to negative experiences and challenges that constrain Indigenous business relationships.

8.6.2 Comparative results

In terms of the age of the business, whether they are at preparation, start up, growth, maturity or transition stage, Indigenous businesses are highly likely to be confronted by challenges. The maturity of the business is irrelevant. Again, negative experiences are going

to occur. Regarding the institutional environment, Native American businesses have experienced more occasions of inhospitable conditions than Indigenous businesses in Australia. Comments such as John's supports this claim:

...and you can see how the state spends money on diversity companies, by culture. They get A's, B's, C's, D's, E's and F's and the Native Americans are on the bottom of that list...because most of us are fragmented as tribes...geographically spread out, but we're on the bottom of the procurement list.

Susan talks about access to capital in a similar vein:

It's an injustice that we don't understand and recognize that we have native entrepreneurs who are able to build multi-million-dollar businesses that need access to capital and we don't have access to venture capital experience in Indian country to draw from.

These are typical of the institutional environments that confront Indigenous businesses. So, for Native American businesses, the environment in which their relationships with LPOs takes place can lead to negative experiences, while not so much in Australia. Business diversity, in terms of location and business size, have led to their companies having negative experiences of supplier diversity, for example Susan discusses the location of tradeshow and business opportunities for Native American businesses:

They do hold events to where they can be tangible and in person, but if they're only in major cities like Dallas or San Francisco or LA; how are we reaching out to rural entrepreneurs and those in Indian country, who aren't in these centralized cities.

For the Indigenous Australian case, business diversity was not a factor that underpins negative relationships. Complexity is prevalent in both cases, but more-so for Native American owned businesses. As Susan stated:

What's really challenging about working with the organizations is that each one will have their own Chickasaw Nation vendor, preferred vendor program...Choctaw Nation preferred vendor program they all are using different systems. You have to log in...you have to update it...the DoD uses a different system; DOT uses a different system. And

for an entrepreneur with one or two staff, it's impossible to manage all of the processes that go into getting to these centralized systems...and if we aren't in the systems then we can't be the preferred vendors.

John also talks about the tendering process in the US as being very onerous:

It's quite complex, to be honest. I'm quite surprised. I've learnt a bit about it. For some corporates or government departments, you need to be on panels. Sometimes these panels last for three or more years before they get reviewed.

Ethnic diversity in Australia is a non-issue for Indigenous suppliers and not a factor that underpins negative relationships. An understandable reason for this would be that inclusive procurement in Australia is only targeting majority Indigenous owned businesses. Even if one was to suggest Indigenous women owned business as an independent factor, this would not be a factor as overall both in the US and Australia gender was not found to be a significant variable contributing to negative experiences (although this finding only applies to the cases studies and would need to be tested in further research). In terms of Native American business owners, a previous comment by John in relation to Native American businesses being put at the 'bottom of the list' suggests this is a major concern for them and negative experiences have emerged as a result.

Unethical behaviour of LPOs is evident in both cases and similar in terms of number of incidences. This suggests LPO professionals have been acting outside of what is considered ethical practice by Indigenous businesses. Note, for example, the intellectual property incidence mentioned above in the Australian case and these comments by Darren:

They kinda cover up the whole minority stuff. The whole minority business enterprises, all the Women-owned minority businesses and Indigenous kind of falls into the minority side of the two. Yeah, so it's not specific to say Indigenous from Navajo.

And this from John

I think corporate American has created a false front of what I call the Stockbroker's Annual Report, where they can publish that they've out reached to diversity

companies. They'll collect your names, your company's information, build a database with thousands of us, and I think that's what they report to their shareholders.

This perception of unethical behaviour is linked with a relative lack of trust of LPOs. Indigenous Australians do not trust LPOs. While in the US, Native American businesses are slightly more trusting of LPOs, a lack of trust is still considered a factor that underpins negative relationships between Indigenous supplier and their LPO buyers. A reason for more trusting commercial experiences in North America could be that Native American businesses procure goods and services with Native American Tribal governments and being of the same culture the socioeconomic relationship is somewhat more succinct. As Darren points out:

You know there's a lot of agencies up on the Navajo Reservation that they were closer with and so they really want to cultivate Navajo business. There's a lot of activity with the new President Russell Bagot He's a big economic champion. He's a business minded person. He really wanted to push the economics for Navajo Business owners and so they had really stepped up. As far as the Navajo nation has stepped up, to really classify a lot of the work to be Navajo you know. The Navajo-owned businesses preference...who were brand new to work up there.

Nadine echoes these thoughts about her own Tribal Government work:

I still wanted to proceed and this time I wanted to be a little closer working with the Tribes themselves to help them, as far as maintaining their culture, through their documentation preserving that culture. Being Native American, being part of that tribe, the Cherokee nation being from Oklahoma I've felt very close because of my ancestors and I know how important It was to them. So, it has been a very good journey.

And again, by June:

It's all about the relationship. For it to be of value, I think it was, for me it was a positive because it was an alignment with my company's values and that my company exists to make Indian country better. So that a lot of these tribal governments, NFP's organisations and tribal economic departments were looking for someone who was native, who provided these skill sets so that was positive.

Mistrust of LPOs is high for Indigenous Australian businesses and these sentiments by Dennis sums up the trust issue for many Indigenous businesses:

...without a full understanding of what it's about [supply diversity] and why it's important, and also the landscape they need to navigate to really effectively engage in this area. The downside of that situation is that it does come across as lip service and it does come across as non-genuine because the way - it's even in the use of language from these particular organisations when they engage with Indigenous businesses. It's not true and real. Even if that may be, it does come across as inauthentic.

In summary, the age of the business is irrelevant and is not considered a factor that underpins negative experiences of Indigenous business in North America or Australia. Environmental factors more important for Native American businesses than they are for Indigenous Australian businesses which means in North America they are considered a factor that underpins negative relationships while in the Australian context environmental factors are not. The similar results have been found for business diversity. This factor is an underpinning factor of negative experiences in North America but not so in Australia. Complexity is an underpinning factor in both cases, but more-so in North America for Native American businesses. Ethnic diversity in North America presents unique experiences for Native American business as they are one of many diverse groups in the open market as in Australia, Indigenous Australian businesses are the only group that are considered in the inclusive procurement landscape hence ethnic diversity is not considered a underpinning factor for negative experiences.

The different experiences by gender was not examined.(And from both Indigenous Standpoint and Feminist Standpoint exploration of this issue is best pursued in partnership with an Indigenous female researcher). Although note that one of the respondents who owns her business established it because of the lack of infrastructure available for women in a workplace at which she was once employed. She considered litigation but instead established her business:

...it complicates a lot of women's rights and economics rights that we have for families here in the United States. As a Native woman I thought and as an attorney I could

litigate...it was a huge opportunity, but instead I thought that creating manufacturing jobs here in the Cherokee Nation, my Tribal Government [area] would add more value.

And other women owned businesses in Brisbane mentioned that

...literally their understanding about our position and where we're at from the start was unbelievable. They even put us on their system to look after our airfares and accommodation so that we never have to worry about trying to find money to get to the next workshop in Perth. They've been so accommodating.

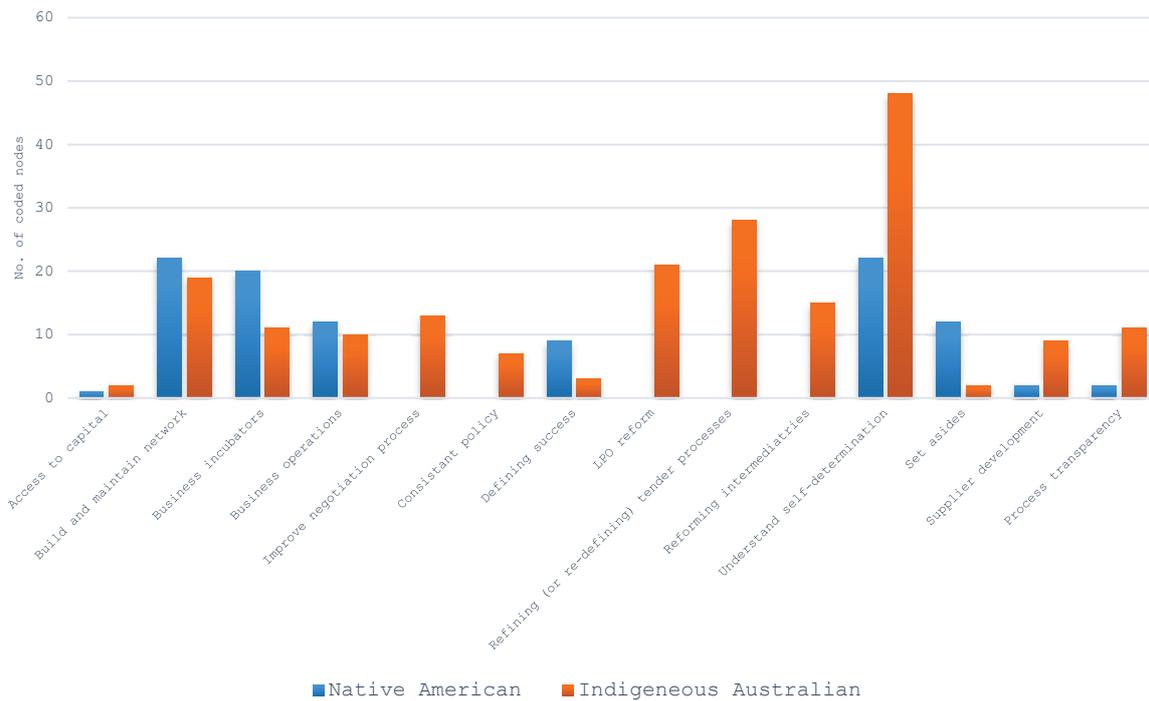
They discussed their gender as a source of strength for them as business owners, rather than a factor that underpins their negative experiences in a commercial relationship.

Unethical behaviour is considered a factor underpinning negative experiences as LPO behaviour in this regard falls outside what is considered morally right in both cases. Misaligned values are high in Australia and low in North America which indicates that for Indigenous Australian businesses this factor is considered to underpin negative experiences. However, in North America for Native American businesses this is not so. The level of mistrust that Indigenous Australian businesses have of LPOs is high in Australia yet low in North America. This indicates that for Indigenous Australian businesses, mistrust is considered an underpinning factor of negative experiences. While mistrust of LPOs in North America exists, it is not as important an issue as it is in Australia and could be considered a factor that underpins negative relationships in that case.

8.7 Solutions compared

The following section will compare the results about solutions in order to postulate ways on reducing transaction costs for both Indigenous supplier and the customers. Figure 29 below shows a summary of the solutions presented in this study from both cases. The next section is a description of the solutions, followed by the comparative results.

Figure 30: Comparative solutions proposed by Indigenous Business people in Australia and North America



8.7.1 Description of solutions

Following is a brief description of the solutions presented in both cases: *Access to capital*: improve the ability for Indigenous businesses to access resources; *Build and maintain network*: increase networking opportunities; *Business incubators*: providing appropriate business development opportunities [e.g. about scaling-up]; *Business operations*: business management education [e.g. start-ups]; *Improve negotiation processes*: providing assistance with contracting; *consistent policy*: reducing onerous processes across sectors; *Defining success*: joint understanding success; *LPO reform*: continual improvement of procurement processes; *reforming intermediaries*: offer new and innovative initiatives; *Understanding self-determination*: being informed about Indigenous business values; *set-a-sides*: improved monitoring and harsher non-compliance penalties; *supplier development*: resource investment with Indigenous suppliers; *process transparency*: access to information from LPOs.

The following results the authors interpretation of the data presented in Bar Chart 6 above which relate to solutions presented by Indigenous businesses. The results that follow will discuss several key solutions to understand how they aim to reduce transaction costs both the Indigenous supplier and their LPO buyer. The section will highlight some of the findings

[not all] from Bar Chart 6 above. This will provide an understanding of relationship solutions from an Indigenous business perspective.

8.7.2 Comparative results

When observing Bar Chart 6 above, two issues stand out. The first is that Indigenous Australian business have offered many solutions and secondly, LPOs understanding of Indigenous businesses cultural values and the concept of self-determination are obvious. In examining the similar solutions in both cases, resolving networking issues, developing business incubators and helping Indigenous businesses to scale-up their operations are important. In terms of business incubators, John, who's based in San Diego, encourages Indigenous business owners to be proactive in finding and approaching people such as political officials and agencies who can help:

If you're going to have your small business you can't be shy, and you cannot have low energy. You literally have to continue to circle the wagons...to meet as many people as often, and to find mentors within that organization...people that will help look out for you and coach you along. In the United States we do have four free agencies...we call them PTEC, Procurement Technical Assistant Center, you really need to sit down with those people who know the in's and out's." Adding "One thing that I did not do, which I recommend that I should have done, is let local political officials know that I was a business. Go to my congress people, my Senators, let them advocate on my behalf...that I was a small business.

Lynette also discussed assistance for small businesses as a solution with going from being a sole trader to becoming a registered company:

I did contact...Many Rivers who's been really helpful, really supportive. We're just going through some final formalities around that and then moving that towards getting the financial documents to support that which would be suffice I suppose to hopefully transition to a company.

Speaking of an incubator program, Alwyn appreciated how it assisted him in thinking about structuring his business:

Working with the team there really made me rethink what I actually have done. I was in the fourth group, so two years ago that's when I swapped to a business – to a company and I thought I was ready for it because we started that program. I'm not just a consultant to now, I'm entrepreneur and I am the product and I can do all this stuff.

In terms of the program's effectiveness he added:

It was very effective in terms of making me rethink how I actually do stuff. And I seem to get work from a lot of organisations now - who don't know me. They actually go oh my god, you're so professional. I've templated all my proposals, I've templated all my invoices, all my – so everything's exactly the same. I've got rules in place now, that I didn't have before because I hate chasing up money, you know it's something, I find a lot of consultants don't like doing.

Avery, who is heavily involved in his home reservation in Arizona, also spoke about the support from business incubators and how micro financing for Native American businesses can be improved as a solution:

...you have to get those members that are successful and have a “mentor type” program. If they take money from this institution, they need some oversight on how they're going to use the money that you just gave them - identify new opportunities and help them when they're facing new challenges things of that nature. Its kind of common when people don't have the experience or training when they just start a business. If you just give them money, it's a recipe for failure - if you don't give them that long-term support. Ultimately, it's just throwing money out the window in my opinion.

Avery then went on to discuss mainstream business support programs in a near-by city and trying to bring them to Native American Communities:

The same goes a long with any State or Federal Government mentorship programs the state, or the city of [names city]. They're doing quite a good job of finding incubators programs, where people with small businesses they can roll into a collaborative environment have meetings. There's one called Gangplant, and if you go in there you

can sit in there with your laptop, they have meeting rooms if you need to meet with a client. You can reserve a meeting room and it doesn't cost you anything. We're trying to get that to come out here in a Tribal aspect, have collaborative vibes, have think tanks, collaborative things of that nature, support issues when the support is just not there.

In terms of Indigenous businesses scaling-up and supplier development, Neil said that joint ventures are not necessarily the solution:

The capacity of Indigenous businesses can be addressed. At the moment, people - and it's based on the Twiggy Forrest model - people are looking at joint ventures to overcome the capacity issues. And I think that is short-sighted and I think that there is no great benefit to an Indigenous business to joint venture. There is no requirement for knowledge exchange, there is no requirement for capacity growth. And it's really just a financial transaction to band a reporting operation. I think that a mentoring program where it's similar to the US 8a program, where a leading agency wins the job on the requirement that they have an Indigenous business to mentor, build and invest in.

Scott, from Brisbane also looks at education as a way to scale-up and adds that various agencies can assist as well:

Well there's a couple of ways now, these days. A lot of government departments run courses. Supply Nation run courses. IBA, which are probably the best - they've been around the longest. They do courses, but they also do finances. They've got leasing, they do - you can purchase out there - they are there to help you. I find them to be very, very helpful. They just won't hand things over to you; you've actually got to - you've got to have a plan. You've got to have everything when you go into a business - to like a bank. But obviously they try to help you out. And if you get a big contract, they'll come and say, okay, what can we do for you? They're there to assist you. They're not there for handouts, but they're there to assist you.

James views are that if joint ventures are authentic, they can work but also highlights that opportunism exists in the construction industry:

We see the quickest way to do that is through partnerships, joint ventures. But they need to be done properly. There's potentially a number of joint ventures, that have been set up that are known to be Indigenous that we believe benefit very few Indigenous people. We believe our model ultimately will benefit over 4,000 traditional owners in some way.

Although Neil then discusses mutual benefits of mentoring type programs and both he and James agree about tempering enthusiasm for joint ventures:

They're going to come out of it with a supplier or sub-contractor who will be designed specifically for them. They're in that position to win future work because they will have demonstrated Indigenous work capacity. So, building those tier 3 and tier four businesses into tier 1 and tier 2 businesses is the way to do that, I believe, is through mentoring, not watering down what is an Indigenous business through joint ventures and partnerships.

In terms of differences between the two cases, Indigenous Australian businesses are seeking solutions through reforming tendering processes, intermediaries and within LPOs to overcome complexities. Comparatively, and while not ruling out that challenges exist in these areas [because they certainly do exist], Native American businesses did not express solutions in these same areas.

Neil, in discussing supplier diversity suggests Supply Nation should increase its presence:

Now in terms of people not getting it, that's the role of Supply Nation. Supply Nation really should be educating their members about what it is that they should be looking for.

James, on Supply Nation suggests the data base needs updating:

Supply Nation, I suppose, I think a lot of work needs to be done with their database of Indigenous businesses. It's quite confusing for procurement people. You know, you look for construction in Victoria and they come up with 1,000 different responses. There aren't 1,000 Indigenous construction companies. So yeah, there's got to be a

real way to verify everyone's listing. These blackfella businesses, there's a bit of a problem with overreach; saying that you can do everything.

In terms of policy solutions, Karen suggests policy consistency:

Most definitely. I think that there should be some consistency across the states and the federal government around policy. We're seeing the federal government have this 3% by 2020, and we're seeing that it's proving to be effective, but we're seeing other state governments pop up with their different policies. What it does is that a lot of indigenous businesses work nationally, and so they've got to deal with different state government policies and bureaucracies, it makes it quite complex and challenging for them. I think that all states should adopt a model where there is a mandated spend, a mandated number of satisfied procurement amounts, number of contracts; that there should be some uniformity and consistency across the board.

She adds:

If you take WA government for instance, WA government has their own database that they manage themselves, a directory of indigenous businesses. They've got a number of indigenous procurement policies, and they've got a huge investment in indigenous business. But we're not seeing that replicated in other states.

In term of LPO solutions Neil again advocates supplier development:

If Indigenous businesses in the first couple of years fail to meet those expectations, then we fail, but give us feedback, let us know, develop us so we win next year, so we build next year, so we can deliver the purpose of the IPP, which is wealth creation and jobs.

Malcom, when discussing solving the complex processes of LPO tendering, suggests access could be made easier:

At times, we have looked at tenders and they've been so confusing and require so much attention that we just actually dismiss them. Because we feel that we don't have a chance to get through. So, you know, a possible solution is even if the local councils or local government, federal government, has an easier access towards business

opportunities, an easier pathway, to hopefully eliminate the need for the tendering process.

As mentioned earlier, having LPOs understand the notions of self-determination as a solution, would make the commercial relationships between Indigenous businesses and LPO buyers more seamless. Mandy says that educating people about Indigenous paradigms is what their company offers:

I said that I wanted to deliver training and was struggling in the different jobs that I was in with the lack of cultural knowledge or cultural awareness from non-Aboriginal staff.” So, “the courses that they developed and taught are Aboriginal perspectives, Aboriginal approaches to knowledge and Aboriginal politics and world view.” Adding, “it's built on the relationship that we started with [names the client]. Because we started from the very beginning based on our terms of reference, not on their terms of reference. When they came to us, then it was from our terms of reference all the way - the whole approach. We haven't moved ground on that. We're firmly in Aboriginal terms of reference.

George also discusses cultural values and Indigenous perspectives that LPOs ought to understand:

I think the advantage of working for myself and consulting is two things. One, I get to set my own terms and my values of how my business operates. So that means what jobs I'll do and what jobs I won't do, based on my values. And my motivation is not just to make money or bring in business, so my motivation is also about contracts or jobs that I think have a purpose - a clear purpose that contributes to improving outcomes for Aboriginal peoples, and also contracts where I can negotiate the terms of doing that work. So that's one thing, is being clear about what my values are. And the second is, for example, I won't take jobs if I'm invited or asked to tender. I won't tender for jobs if I think the value match is not there.

Lindsay discusses that LPOs need to understand the complex nature of Indigenous communities:

We want businesses and we want people to understand that there are many layers within the way that they invest and engage in the Indigenous community and with Indigenous businesses.

Adding that cultural understanding for both supplier and buyer is fundamental:

So, there's this really big thing around an understanding of cultures. When you look at culture from a corporate side and then you look at culture from an indigenous business side, how do the two align? I feel like there hasn't necessarily been a focus in the way in which businesses actually come together, the way that they can work together and understand each other's practices, processes, protocols and culture and values which then allow them to be aligned so that they're working together effectively.

Brian, who is based in Arizona declares that his company provides that supports self-determination:

After I retired from the Federal Government working in the Department of Indian Affairs and the US Forest Agency for Research and what we do, our model is building capacity in Indian country and what that really is trying to provide the knowledge and assistance to help Tribes. Empower Tribes to better management, to better manage their programs and their Governments. Help them to better provide, serve their Tribal members.

Discussing why he started his construction company, Darren inspiring other of his tribe:

I just got to a point where I wanted to make a difference with Navajo specifically. I wanted to show that there are people that are Navajo that can run a business. That can also try to hire some Navajo people and get them employed. This to show that there are business minded people. That there are Indigenous people that can do well and run businesses and be able to be successful at it. You know, it's not just having to work for another firm, limiting yourself to staying on the Reservation, but actually going out there and reaching for higher goals and career success too.

In explaining an example of self-determination through the tender process of his tribal government, who have preferences for Native American owned businesses, with concessions for businesses from the same tribe, Darren added that:

We were in this big room. We submitted our bids and they were able to go through opening the bids. I believe we were the only minority contractor there at the time – Navajo owned. Then they said ‘ok, Darren’s is the only one here that we recognize as an Indian-owned firm. They’re a responsible bidder’. So, they opened it and they looked at the budgets and said ‘Ok Darren’s within our budget and we’ll end the bidding now. Thank you for coming out.’

Harrison talks about his business as an advocate for self-determination:

We are very fortunate to be working with Native American organizations and groups and tribes that are working towards their path of sovereignty among their efforts. We are very interested in continuing to be part of the solution versus the problem. We find ourselves within our company always involved in making sure voices are being heard. So many times, voices are not being heard and they’re being neglected due to the powers that are be.

This section has analysed the causes of transaction costs for Indigenous businesses and compared cases. The next section of this chapter will summarise the results.

8.8 Chapter summary

This chapter described the cross-case analysis between Native American businesses and their relationships with LPO buyer and Indigenous Australian businesses and their relationships with LPO buyers. When compared, the results indicate that Native American and Indigenous Australian businesses have both similarities and differences in terms of their commercial relationships.

Figure 31: Structure of this chapter

- Compared similar negative experiences
- Compared different negative experience
- Compared factors underpinning negative relationships
- Compared similar positive experiences
- Compared different positive experiences
- Compared factors underpinning negative relationships
- Compared solutions

An aim of this study is to understand what the nature of these experiences, understand the effects on transaction costs, then suggest solutions around how Indigenous ways of resolving them. It must be noted that while this study found unique differences, it does not preclude those negative experiences for Indigenous businesses happening in either case – it's the circumstances around those experiences that are unique.

The first section outlined the negative experiences of Indigenous businesses. The common negative experiences included LPOs being superficial in their engagements with Indigenous businesses. For Indigenous businesses this impacts transaction costs as the atmosphere of doing business with them because it becomes hostile and unfriendly and at times even racist and discriminatory. In both cases, supplier development is under-resourced and as a result, initiatives are sub-standard. Hence, there are very limited opportunity for Indigenous businesses to scale-up. This impacts TCE for Indigenous businesses through business and production uncertainty. Without quality supplier development initiatives, it is extremely difficult for businesses to grow their capability. Another similarity in Australia and North America in terms of negative experiences, is the lack of communication internal to LPOs. Indigenous suppliers build a relationship with an LPO professional, then they move on. This leaves the Indigenous business to commence anew rebuilding the relationship with different people. In terms of TCEs impacted information variable, there needs to be continuity of responsibilities at least, if not personnel. Negative perceptions of LPO professionals of Indigenous businesses was another common negative experience across both cases. This

experience is about how Indigenous businesses feel they are being perceived and being treated and could be interpreted as being racist or discriminatory against Indigenous people and their businesses.

The results presented in this chapter indicate that Indigenous Australian and Native American businesses are based on the principals of self-determination and Indigenous cultural values. These principles differentiate them from non-Indigenous owned businesses in both cases.

Chapter 9: Discussion

9.1 Introduction

Through analysis of a rich data set, this study has sought to answer the following research question: what are the factors that underpin, constrain and enable supplier diversity relationships between Indigenous owned businesses and large purchasing organisations in Australia and the United States? It has sought to identify these factors by first, examining relevant literature, then describing the dual theoretical approach of TCE and IST to frame the study, then by contextualising Indigenous business sectors in Australia and the United States, then describing the methodological strategy, and finally presenting the analysis and results of both the Australian and United States cases.

The supplier-buyer relationships herein have been examined through the dual theoretical lens of Indigenous Standpoint Theory (IST) (Foley 2003, 2005; Nakata 2007) and Transaction Cost Economic Theory (TCE). Through IST an Indigenous perspective is articulated in a western, non-Indigenous world where mainstream worldviews have been contested. In this study, particularly when centred on approaches to building relationships in the marketplace, TCE theory posits that firms should focus on minimising transactions costs (Coase 1937; Simon 1957; March and Simon 1958; and Williamson 1971). This discussion chapter will point out that IST supports the argument that transaction costs within relationships, commercial and otherwise, can be minimised through a deeper understanding of IST perspectives in ways that humanise relationships, a process which involves greater appreciation and adoption of Indigenous practices. In doing so, this chapter will incorporate the comparative analysis of the study to encapsulate responses to the overarching research question.

Firstly, this chapter will provide a brief discussion about the influence and adaptation of Indigenous Sandpoint Theory and TCE theory and underline how both theories have been applied in this research. Secondly, the key findings of the literature around Indigenous business is revisited to highlight the importance of this study and how it may be able to fill current gaps in the Indigenous business related literature. Thirdly, the chapter will provide an deeper analysis of the results and their significance. The results are organised in the same way as the comparative results chapter, that is, a discussion of the similarities and differences

in the positive experiences of relationships with LPOs of both groups, with reference to the factors that underpinned them, followed by a discussion of the similarities and differences in the negative experiences of respondents' with LPOs. It will then propose some possible culturally appropriate ways to strengthen these relationships. The final parts of this chapter will look at limitations of the research, how this study can impact policy and finally provide some research opportunities for the future.

9.2 The insights delivered through incorporation of Transaction Costs Economics and Indigenous Standpoint theories

Williamson (1998) describes TCE as a product of New Institutional Economics (NIE), which extends the theories of economics while focussing on the underlying factors of economic activity. It unifies the study of economics and social sciences and allows the examination of the role of the firm in broadening or inhibiting economic development. Williamson (1998) argues that NIE analysis appears in two parts. The first concentrates on the institutional environment or rules of the game and the second on institutions of governance or the play of the game. That is, rules of the game refer to functions of the firm, what they do, while play of the game refers to relationships and the organisational structure and the way in which governance of companies are managed. Williamson (1998) suggests the first thing in TCE to consider is first order economising, that is, the institutional environment and focusing on getting the rules of the game right. This relates to the formal guidelines within institutional environments. He argues that institutions of governance are about ensuring the governance of relationships are accurate as this is where TCE is predominant. Contractual relationships are where second-order economizing applies, that is, getting the control mechanisms, whether it be in open markets, joint ventures, or between businesses and government agencies, right. Both these levels of economising provided the theoretical path adopted in this study.

Within LPOs, the formal guidelines for procurement from Indigenous businesses have changed. Recently, various policy amendments have been enacted that ostensibly seek to create more commercial opportunities for Indigenous businesses. But are these changes being adopted and are they working? Have LPOs got the "rules" [first order economising] and the relationships [second order economising] right? Are these policy changes constraining or

enabling commercial relationships between the Indigenous supplier and LPO buyers or have the institutions of governance - the play of the game – remained the same? In answering these questions, the insights of TCE from an Indigenous standpoint is particularly relevant and useful.

Once the relationship regime is right the focus shifts to contracting. There are several variations of contract governance – hierarchy, where the logic is power; markets, where the logic is competition; and hybrid, where the logics are networks and continuity. Hybrid forms of contracting governance can be muscular, benign or credible.

Muscular governance involves larger organisations using their buying power over smaller suppliers to drive down prices. Inefficiencies arise when these smaller suppliers fail due to an inability to carry the risk. *Benign* forms of contract governance occurs when only the literal terms of the contract are applied. This is also inefficient because here, trust replaces power. When trust is broken, the contract terms are not reflexive. The *credible governance* approach involves cooperation, adaption, negotiation, working together and is the only one which is efficient because it understands the incompleteness of contracting due to bounded rationality. Hence, credible governance is reflexive, empathetic and has sensible foresight (Williamsons 2008). There is a void in academic research conducted at the intersection between supplier diversity, relational factors and the Indigenous business sector studied through the lens of TCE theory.

9.3 Identifying the research space

The literature review showed that a knowledge gap exists concerning factors that shape Indigenous businesses-LPO buyers' relationships. This created a research space for this study and positions this thesis in the context of previous studies. This knowledge gap now means that the theoretical exploration herein can extend TCE theory through the incorporation of the insights from Indigenous Standpoint Theory and the application of Indigenous approaches to research methodologies.

9.3.1 Brief overview of the literature review

Indigenous Standpoint Theory (Nakata 1998; Foley 2003, 2005, 2013) and Transaction Cost Economic Theory (TCE) (Williamson 1989, 2008) framed how the literature review was

conducted, hence the review's focus on topics such as Indigenous communities and cultural values; Indigenous entrepreneurship and Indigenous self-determination; models of Indigenous entrepreneurship; perspectives of International Indigenous entrepreneurship; and the literature review on research on supplier diversity.

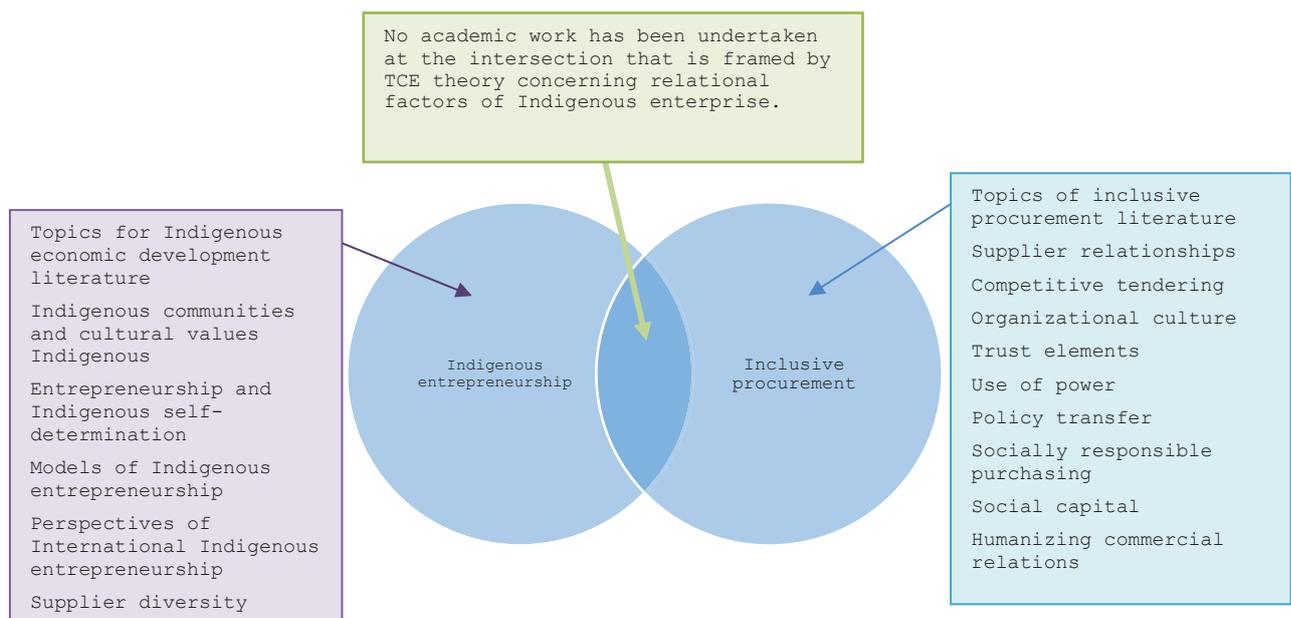
The literature review on Indigenous business research examined a range of relevant related topics including: dispossession and colonisation (Altman, 1996; Keen and Lloyd, 2012; Merritt, 2007; Vivian et al 2015); marginalization and exclusion from western economies in Australia (Atkinson 2002; Behrendt 2009; Foley & O'Connor, 2013; Haebich, 2015; Keen and Lloyd, 2012; Norris 2010); Indigenous cultural values systems (Altman 2004; Bark et al 2015; Foley 2003; Nakata 2007; Bark et al. 2015; Foley 2003; McIntyre-Tamwoy et al. 2013; Mika et al. 2017; Morrison et al. 2014; Pearce 2015); Australian civil rights and self-determination (Altman 1988; Levitus 2009; Attwood & Markus 1999; Behrendt, 2001; Foley, G. 2001; Collins 2014; Mazel, 2016); Indigenous businesses and economic liberalism (Scambary 2009); international perspectives of Indigenous entrepreneurship (Anderson 1997; Colbourne 2017; Gallagher and Selman 2015; Gladstone 2018; Hester and Cheney 2001; Stewart et al 2017; Beall and Brocklesby 2017); and, the different business models of Indigenous business (Foley 2004; Noel Lindsay 2005). While this body of work is critical to the advancement of our understanding of the Indigenous business sector, and by extension the economic development and self-determination, the literature review identified that a void still exists in the study of Indigenous businesses that applies Transaction Cost Economic Theory (TCE) (Williamson 1989, 2008) from and an Indigenous standpoint.

The literature review examining supplier diversity discussed research on supplier relationships, competitive tendering, and the processes of public procurement, inter-departmental co-ordination and findings on how to establish long-term partnership relations with suppliers (Erridge and Greers 2002). Other articles discussed the role and influence of organizational culture on supplier diversity (Whitfield & Landros, 2006); supply diversity policy transfer (Ram, Theodorakopoulos & Worthington, 2007); humanisation of commercial relationships (Simon 1957; Williamson 1981); socially responsible purchasing (Worthington et al, 2007); and the role played by social capital (Deakin et al, 2007). However, none of this research includes a focus on Indigenous suppliers and their perspectives. For example, one of the most highly cited journals in the field of supply chain research, *The Journal of Supply Chain*

Management has publishing hundreds of articles on supply chain relationships in recent years, but the vast majority of these articles have being written from the LPO perspective (e.g., Williamson, 2008; Choi & Wu, 2009; van de Vijver, Vos & Akkermans, 2011; Whipple, Wiedmer & Boyer, 2015; Karatzas, Johnson & Bastl 2016). The supplier diversity literature is grouped in organisational culture, trust in commercial relationships and the use of power. The literature emphasizes possible contributions to a supplier diversity business case, however this literature is devoid of TCE framed by Indigenous perspectives on supplier relationships with LPOs.

Figure 31 below demonstrates the two major areas of the literature review depicted in the circles. They are Indigenous entrepreneurship and inclusive procurement. The figure visually demonstrates the over discussion.

Figure 32: Literature Gap Context: Supplier Diversity



9.3 2 Importance of the research contribution

The literature review shows that while there is a small but growing body of literature that recognises the importance of supplier diversity in the global economy, this literature has neglected the experiences of the Indigenous enterprise.

As outlined above, no academic research has been undertaken that focusses on TCE theory how the underpinning factors of the Indigenous enterprise experiences of supplier diversity

relationships could be identified. The existing accounts in similar areas of research fail to address the challenges that Indigenous Australian and Native American businesses confront. This lacuna also has broader implications for our understanding of such topics as relationship management in supply chains due to inadequate treatment of the role of power, racism and interdependency in supplier diversity relationships (Theodorakopoulos 2012, p. 115), (see for example Giunipero 1980, 1981; Dollinger and Daily, 1989; Dollinger et al., 1991; Pearson et al., 1993; Krause et al., 1999). As a result, to date our understanding of the relationships between transactional costs and the barriers that Indigenous businesses face or how to resolve them, is under developed.

Understanding the link between Indigenous business transactions costs, Indigenous businesses' challenges and how to resolve them, could assist Indigenous entrepreneurs and LPOs to strategically change the way they do business, thereby creating greater opportunities for Indigenous enterprise engagement in ways that are culturally safe. Greater understanding and cultivation of self-determination processes from LPOs, could, in turn, help to develop Indigenous businesses' capacity to increase levels of Indigenous employment and in others ways contribute to the economic development of their communities. In short, supplier development, in a culturally safe way, is needed by Indigenous businesses to support their self-determination efforts.

However, there has been no theoretical framework or empirical research to inform our understanding what kind of relationships are crucial to this type of supplier development (Ndinguri et al 2013). What remains empirically untested is whether a theoretical framework could be applied. For now, it would be safe to argue that contextualising the supplier diversity landscape in Australia and the United States can provide much discussion and debate, particularly around cultural safety and self-determination, as political, technical and socio-economic landscapes vary, in some cases dramatically when discussing Indigenous businesses in their respective countries.

The key limitations identified in the literature review are that, primarily, research is situated in the US and or UK context and is essentially based around the themes relating to drivers and enablers, the business case for supplier diversity, corporate social responsibility, and supply chain and procurement management. Entrenched in these themes are concepts of positive

duty, socially responsible purchasing, socio-economic justice, equality and discrimination, internal leaderships, supplier outcomes, various topics relating to access, decision making, building social capital, policy, legislation and strategy, organisational culture, impediments, trust and power. It is evident that the literature ignores the Australian context which inevitably leads to the omission of an Indigenous business perspective.

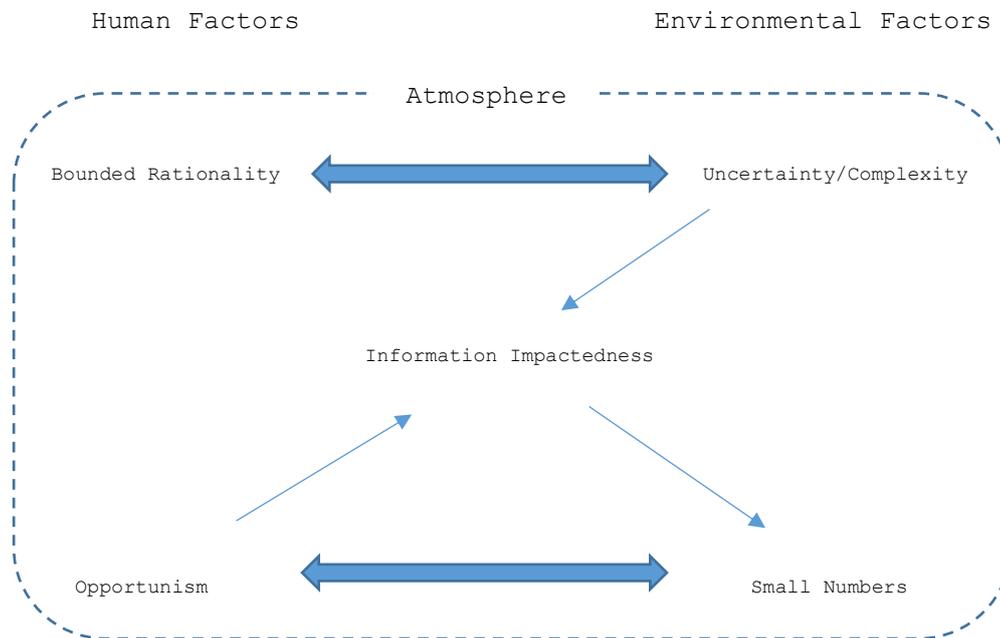
What results is a theoretical void around the understanding of Transaction Costs Economics (TCE) for Indigenous businesses in their relationship with LPO buyers. Hence, questions could be asked about existing literature about TCE theory, supplier diversity and its application to an Indigenous business context. This leaves open an opportunity for this study to examine this phenomenon.

9.4 Explanation of the comparative results

The discussion of the comparative results is done in the same sequence as the comparative results chapter (Chapter Eight). Firstly, the positive experiences and the underpinning factors are discussed. Then the negative experiences and the underpinning factors are discussed. The final sub-section will then discuss ways that might improve relationships with LPOs among both groups.

Figure 32 below shows the interrelatedness of TCE variables which helps frame the discussion. As shown, on the left, human factors include bounded rationality and opportunism. Bounded rationality can be explained as the costs of using people's experiences to formulate and solve complex and processing information. Opportunism relates to the costs associated with opportunistic, unethical or illegal behaviour that is conducted in an ad-hoc way. Both are human conditions. Environmental factors on the left include the uncertainty, complexity and small numbers, variables. Uncertainty relates to contract incompleteness and uncertain circumstances ex ante [pre-contractual predictions about unknown outcomes] and ex post [unexpected results of the contract]. Complexity is about the costs of dealing with complex rules, large bureaucracies, and inconsistent procedures. The concept of small numbers relates to LPOs dealing with a minimal number of suppliers. At the centre is information impactedness which is described as the costs of obtaining information that one side to a negotiation has available but the other does not.

Figure 33: Organisational failures framework



Source: Williamson 1975, pg. 40

To answer the overarching research question, several open-ended, semi-structured interview questions were developed. The interview questions asked respondents about positive experiences and the circumstances around them were poses in interviews. The same process occurred for negative experiences and circumstances surrounding them. Other questions included prioritisation of challenges and importantly, solutions to those challenges. A comparative method was designed in the methodology, to understand if there are commonalities and differences between Indigenous businesses in Australia and Native American businesses in the United States. Following thorough analysis, the responses answered the overarching research question about constraining and enabling factors underpinning Indigenous suppliers and LPO buyer relationships in both cases.

Furthermore, given the comparative nature of this study, factors have varied across countries, positive and negative experiences within those countries and then variations of importance of those positive and negative experiences. For example, a negative experience in the Indigenous Australian case that is of high importance (such as misaligned values), was found to be of low importance in North America. This variation shows that while there are many

successes and challenges that are similar for Indigenous businesses in both countries there are also several that are unique to each case. The following section discusses the results in more detail.

9.5 Positive experiences that are similar in both cases

The comparative analysis of positive experiences has demonstrated that Indigenous businesses in both cases, have had many productive exchanges that have enabled their businesses to grow. When TCE is applied to these positive experiences, it is explained as first order economising, that is, the institutional environment has the rules of the game right (Williamson 1998). Moreover, second order economising, that is, the governance of the relationships may also be right (Williamson 1998). The following is a summation of the lived experiences of Indigenous businesses in both cases and provides an overview of what works to allow them to develop their businesses. Hence, enabling Indigenous businesses development while reducing transaction costs. These enabling experiences are grouped into themes: self-determination; cultural match; personal relationships; community impact, intermediaries and Indigenous business networks.

9.5.1 Self-determination

While the definition of self-determination continues to be contested, it embraces ideas of collectivism, distinct cultures, self-governance and freedom of choice and freedom from discrimination (Mazel 2016). It involves Indigenous control, financial education, and developing economies from an Indigenous perspective (Altman 1988; Levitus 2009). Self-determination is about retreating from the dependency on the state and links legal reform with Indigenous economic progress (Behrendt 2001). In terms of TCE, this discourse about self-determination aligns with getting the institutional environment and institution of governance right (Williamson 1998). In fact the rights framework approach for Indigenous self-determination focusses on decolonising institutions internally, to bring about change to dominant organizations that endure with the practice of colonisation (Behrendt 2001).

Positive experience in both cases around self-determination related to being autonomous both individually and as Indigenous communities with descriptions of as having the right and the ability to select who they work with. Indigenous business indicated self-determination allowed them to be independent – not reliant others; resourceful by considering various

options and tailoring solutions; flexible in their approach to business operations and; innovative in terms of products and services. Self-determination gives them a sense of personal capability and capacity, which is a realisation that Indigenous people can achieve their goals while being acknowledged for those achievements. A key similarity regarding self-determination is that Indigenous businesses have Indigenous clients whose purpose is to help other Indigenous people. For example, an Indigenous construction company building a medical centre for their Indigenous community members.

9.5.2 Cultural match

Human collectives act together in institutions that are formal and informal. Formal institutions can include policies, laws, legislations and other formal types of rules that control how people behave. Culturally supported values of what is correct and incorrect ways of behaving and what is regular and irregular are practices of informal institutions (Cornell and Kalt 1992). Institutions regulate individual and group behaviour, but value systems are ideas we are socialised into when being raised in a particular community (Cornell and Kalt 1992). Cultural match is when formal and informal institutions are synchronised, it concerns a values alignment between institutional structures or a cultural match (Cornell et al 2007). In drawing a parallel with TCE, when institutions of governance and the institutional environment align, a cultural match occurs such as respondent, Mandy and her LPO partner in Brisbane. She operates from an Indigenous paradigm and her customers believe and practice the learning they have had from her business – both parties' benefit, and trust is central. When discussing positive experiences and cultural match, respondents talked about joint ventures that had mutual benefit. Others cited working with LPOs in a transparent way where LPOs understand the nature of inclusive procurement. Cultural match also occurred when successful supplier development initiatives were delivered by LPOs.

9.5.3 Personal relationships

New approaches to organisational management which embrace the idea of making business relationships more human draws on three themes: humanising relationships; the consideration of time [the relatedness of present and future]; and pragmatic perspectives (Medlin 2012). When applied to our contemporary understanding of business relationships these themes highlight how “new ways of organising will require managers with new conceptual skills, [that are] based on conceptualisations of humans working together”

(Medlin 2012 pg. 518). TCE also recognises the human elements or individual psychosocial processes of decision-making in the context of bounded rationality and, the complex nature of organisations which allows for human nature, and how these human assets are organised within governance structures (Williamson 1981). The present study concurs and advances that from an Indigenous perspective, which is, human relationships are central to the importance of Indigenous cultural value systems that underpin their commercial relationships in contemporary business activities. When asked about positive personal relationships, respondents discussed the importance of personal relationships being formed early in the relationships and that authentically maintaining these relationships was a key to long term commercial partnerships.

9.5.4 Community impact

Respondents discussed positive experiences when the Indigenous community is positively impacted by the outcomes of commercial relationships. These experiences occurred in both cases when Indigenous businesses were being immersed in and enjoying the work they were doing because, they believed in the positive impact their commercial relationship can make in Indigenous communities. This flow-on could be creating employment or simply being an advocate and role model for other Indigenous community members. The other example of positive community impact was being the protégé, in the mentor-protégé relationship where the mentor was another Indigenous person from an Indigenous community.

9.5.5 Intermediaries

The positive experiences that in respect to policy and politics are much to do about institutions of governance (Williamson 1981). Positive experiences emerged initiatives around intermediaries are policy led – rather than politics led where the policies are co-designed and Indigenous driven. Many positive experiences occurred when intermediaries were involved and being an Indigenous or veteran owned certified business in both cases. These positive experiences included attending networking opportunities such as seminars or workshops or state-wide or national tradeshow events. The provision of Indigenous run intermediaries' certification of business as qualifying as an Indigenous Business enables organisations to participate in inclusive LPO procurement schemes.

9.5.6 Indigenous business networks

Indigenous networking has historical connections to pre-colonisation through complex kinship and many other cultural and traditional networking practices. Through the process of dispossession and urbanization many of these traditional networking practices have been interrupted, for some Indigenous cultures more than others (Foley 2013). Contemporary Indigenous networks strongly influence Indigenous business activity as the network approach supports Indigenous businesses in influencing outcomes and achieving their strategic goals (Foley 2013). Many respondents in both cases cited the networking events and tradeshows were positive experiences. This allowed them to meet procurement professionals in person and helped them to build personal relations and trust hence reducing the bounded rationality elements of the LPO decision making. Furthermore, networking allowed Indigenous businesses and LPOs were able to reduce complexity through inter-personal relationships. Indigenous businesses now had an interpersonal relationship with LPO personnel that they could approach as opposed to navigating themselves through the LPO to find the appropriate person or people with which they communicate.

Meeting other like-minded Indigenous people, hence building an Indigenous business community and solidarity, was another positive experience about networking that was highlighted. Connecting in this constructive atmosphere provides an opportunity to build trusting relationships and allowed personal and commercial transparency to develop. Other positives about networking events and tradeshows cited by respondents include access to decision makers; grow network inside and outside an industry both personally and professionally; present capacity and capability in-person as opposed to online (impacted information); potential to 'jumpstart' your business and gain regional and national exposure and recognition; create and develop interpersonal relationships that may extend into commercial partnership. The experiences of Indigenous businesses confirmed that attending networking events and tradeshows can lead to reducing transaction costs because although it consumes resources, getting access to decision makers through interpersonal engagement, is beneficial for both the Indigenous business and LPO and could lessen the sales cycle long term.

9.6 Positive experiences that are different

There are several positive experiences that are different and unique to each case. Some of these positive experiences are largely centred on Native American businesses working with Tribal governments. In the Australian case, none of the businesses discussed working with LPOs that are Indigenous owned, managed and controlled by Indigenous people the way Native American respondents described. Although one of the respondents is a CEO of a company that is a for profit entity that has a social purpose. This business was formed as a joint venture by several traditional owner groups in Australia.

9.7 Underpinning factors that influence positive experiences for Indigenous businesses

As a result of the positive experiences that Indigenous businesses have had, this section looks at the factors that underpin those positive experiences. Following is a discussion about some of significant factors. These factors are considered enabling factors, that is, when they are present in relational circumstances, the commercial transaction tends to be less challenging and transaction costs are reduced.

Underpinning factors that are similar in both cases that have been cited numerous times are interpersonal relationships, trust and reciprocity, transparency, solidarity and experience and confidence. Collectively these important underpinning factors are about human capacity variables, where bounded rationality and opportunism are located. The TCE to approach to studying organisations discusses three levels of analysis, structural, buy or make decisions and human organisation in order to match the structure of internal governance with the attributes of the people working within the firm (Williamson 1981). The underpinning factors of positive experiences by Indigenous respondents highlighted here, means that human organisation within the LPO is outwardly critical for Indigenous business relationships, particularly if they are in professional procurement roles that deal with Indigenous firms. It is these procurement professionals that can affect the way in which Indigenous supplier – LPO buyer relationships are played out. The positive underpinning factors, that have emerged from the data analysis are evidence that challenges around bounded rationality and opportunism (human factors) can be overcome when procurement professionals have attributes (or human assets) such as empathy, understanding are well informed and are open to new solutions for their business problems, the Indigenous supplier – LPO buyer relationships can not only survive, but thrive.

There are three notable standout difference in factors that underpin positive experiences and they are LPO commitment, certified indigeneity and similar values and principles (i.e. cultural match). These factors are more important in Australia than they are in the US. Many of the respondents undertake work in the US for Tribal Governments, while in Australia Indigenous businesses are undertaking work with mainstream non-Indigenous LPOs. This could explain why LPO commitment contrasts with the Australian case – Tribal Governments are more likely to have a commitment, both policy and practice, to their Tribal Council members and other Native American owned companies. The Cherokee Nation economic development example as described in Chapter 4 is evidence of this phenomenon. This would also explain the certified indigeneity and similar values and principles factors. Again, both these factors are important in Australia but not so in the US. While there are stringent processes around being certified as an Indigenous business in both cases, it seems that in the US when commercial relationships occur between Tribal Governments and Native American owned businesses, verification of indigeneity remains dormant, while in Australia it remains a contested space (black cladding for example). In terms of cultural match (similar values and principles), the evidence provided in this study suggests that, Native American Tribal Governments buying products and services from Native American business neutralise transactions costs and cultural match is intrinsic to the commercial relationship - the rules of the game and the play of the game align.

Whereas in Australia, providing goods and services to mostly mainstream non-Indigenous businesses or government departments, it may be very difficult to attain a commercial relationship where there is a genuine LPO commitment, an understanding of indigeneity and having similar values and principles.

These findings will doubtless be much scrutinised, but there are some immediately dependable conclusions relating to another broader theme of this study, self-determination. While self-determination contextually varies, it is generally understood to mean having the rights and freedom to have a say and assert control over the way in which Indigenous business is conducted, and how plans for future economic development directions can be autonomously implemented. Self-determination involves decolonising institutions (Cornell and Kalt 2010; Behrendt 2001; UN Global Compact 2013). The results above demonstrate that to reduce transaction costs within commercial relationships between Indigenous Australian

businesses and their clients, the principles of self-determination must be understood by LPOs to improve the possibility of self-determination. Could these findings provide evidence that, in terms of economic development and transaction costs for Indigenous Australian businesses, Treaty's work? This is an area for future academic research.

9.8 Similar Negative Experiences

The comparative analysis of negative experiences has highlighted that Indigenous businesses in both cases, have had significant constraining experience during the operations of their businesses. The application of TCE for negative experiences is the same as positive experiences, that is institutional environment getting the rules of the game right and the governance of relationships is about getting the play of the game right (Williamson 1998). The following is a summation of the lived experiences of Indigenous businesses in both cases and provides an overview of what did not work for them. Hence, constraining Indigenous businesses development while increasing transaction costs. Constraining experiences similar in both includes the inability to scale, perceived racism, gatekeepers and decision makers, negative perceptions of LPOs and policy initiatives.

9.8.1 Inability to scale

Several businesses in both cases discussed the lack of supplier development support for their business to scale up and grow. In both cases respondents discussed missing market opportunities because they may not have past performance with major clients, or they may be an afterthought for minor contracts. Moreover, they talked about the lack of training and technical experience as an issue they have as micro or small businesses with limited cash flow. They discuss these issues as reasons why they are ignored or omitted from market opportunities. These are examples of reasons why they need targeted supplier development initiatives. These initiatives should support Indigenous businesses to transition or scale up as needed to conform to market forces. At present Indigenous businesses are either missing out on market opportunities or using their own skills, networks and knowledge to adapt. The inability to transition their businesses is a major challenge and certainly increases transaction costs, that is, the time taken to complete complex tender documents, in one case up to 20 hours, yet still be unsuccessful with little or no feedback as to why the tender was refused.

9.8.2 Perceived racism

Perceived racism is about Indigenous businesses believing their companies are being discriminated against in some way by LPOs. There is an overwhelmingly sense of racism and discrimination that is very challenging for in both cases. Almost all respondents experienced forms of racisms including always being given the Indigenous components, senior managers don't have cultural competencies, holding stereotypical views and generally being treated less favourably, or not given the same opportunities, as others in a similar situation, because of their Indigenous status, their ethnic origin and the colour of their skin. The Australian Human Rights Commission (2018) states that "racial hatred is doing or saying something in public, including in the workplace, based on the race, colour, national or ethnic origin of a person or group of people, which is likely to offend, insult, humiliate or intimidate." The following section provides lived examples of some of those challenges.

9.8.3 Gatekeepers, decision makers and negative perceptions

Negative experiences in both cases identified that it is very difficult, because of the complex nature of the institution, to get access to decision makers and they feel that LPO personnel who attend tradeshow or networking opportunities are not the people who make decisions about contracting. At times the LPO personnel holds stereotypical views and expect Indigenous businesses to conform to their expectations of other non-Indigenous businesses. For example, Scott who owns a business in the construction industry discussed that once he de-identified his business, he never had another issue with that LPO professional. How he de-identified his business was by telling the LPO professional that they "never signed our company as an Indigenous company. It just happens to be that we're Indigenous. So, once I said that to them, I find that just breaks the ice. There's never another issue after that because they think, okay, these guys are - they're the real deal. They're not just here to try and fleece us and make money and not do the job correctly." The attitudes and behaviours of LPO personnel vary and other negative experiences, as perceived by Indigenous businesses, include for example, no feedback loop in the tender process, being excluded from various procedures and initiatives, state officials using procurement opportunities as 'junkets' as opposed to genuinely engaging and forming genuine partnerships with Indigenous businesses, insincere about products they received, constant changes to procurement processes and criteria of LPOs, the misuse of power to manipulate Indigenous businesses [as

indicated in Scott's example above], the glacial pace of processes, ignorance which proliferates stereotypes and the tendency to be risk averse. While it is understood that procurement professionals or Indigenous engagement officers have some influence on contract decisions, from the negative experiences of Indigenous businesses highlighted here, they are absent in final decisions about contracting.

9.8.4 Policy landscape

Relevant in both cases are policy inconsistency and the implementation of inclusive policies. Indigenous businesses have discussed that policy inconsistency regarding inclusive procurement for Indigenous businesses, while the intention is welcomed, needs to have uniformity. The number, and brief overview of the content, of key inclusive procurement policies were highlighted previously in Chapter 4. Because of the negative experiences and challenges around inconsistency, respondents that operate across jurisdictions must comprehend their numerous obligations. Not only must they understand the relevant policy landscape and the bureaucracies that have responsibility for them, they also have a duty to comply. Indigenous policy obligations coupled with relevant industry compliance requirements presents challenges for a micro or small business, like most Indigenous businesses, to function in an institutional environment that is multifaceted. Indigenous businesses are blocked because inconsistent policies and the lack of enthusiasm of LPOs to implement them, can exhaust their human, financial and technological resources. Some of the respondent discussions centred around the policy variations across jurisdictions, incentives for LPO to implement them, non-compliance of LPOs, the ineffective monitoring and enforcement by regulatory bodies over inclusive procurement policies, LPOs opting to breach policies and accepting the consequences rather allocate resources into engaging with Indigenous businesses. Related to policy inconsistency and enforcement, is the notion of 'black cladding' which creates challenges for Indigenous businesses in terms of unfair competition. Black cladding is generally understood to be a joint venture (JV) where the Indigenous partner is *said* to have at least 50% ownership, control and management of the JV. However, in *reality*, the Indigenous owner in this type of JV is simply the facade for a non-Indigenous company.

9.9 Negative experiences that are different for Indigenous businesses in North America and Australia

The data shows that some negative experiences of Indigenous businesses were unique to Australia or unique to North America. That is, certain challenging experiences or problems were more prevalent in one case than the other for Indigenous businesses. It must be noted here, that while the present discussion offers unique negative experiences to each case, this does not dismiss that negative experiences of a similar kind does not occur in both cases. The following discussion is the authors analysis and interpretation of how the present respondent's narrative emerged. While not outstandingly obvious, the misuse of intellectual property of Indigenous Australian businesses by LPOs, seems to be a challenge, whereas the US case did not present that way. Conversely, negative challenges and experiences for Native American business owners are the strong competitive nature of their diversity market - the sheer number of other minority owned businesses such as Asian American, African American and Hispanic American - and, intertribal partnerships. These two challenges that confront Native American businesses are not as observable in Australia.

9.9.1 Intellectual property in Australia

The protection of intellectual property in Australia for Indigenous business has been prominent in public discourse in recent years mainly focussing on the appropriation of Indigenous arts and crafts produced and sold by non-Indigenous people (LawyersWeekly 2017; ABC News 2017; Bob Katter Member for Kennedy 2018). However, Indigenous businesses in Australia have discussed the unauthorised use of the confidential information offered either through the tender process, at scoping meetings with potential LPO clients, at workshops that have been delivered to clients as part of a contact or making changes to materials that have been provided without first seeking consent. A negative experience was that a respondent provided information about a pain point of an LPO through a selective tender process. When an inquiry was made about the bid, she was informed that the process had closed and the LPO decided that vertical integration was more cost effective. The respondent suspects that the LPO used the information to enable the vertical integration process.

9.9.2 Accessing 'mainstream' supplier diversity in the US for Native American businesses

A negative challenging experience for Native American business owners is competition between other minority owned businesses in the US. Minority such as Asian American, African American and Hispanic American are all considered part of the minority business marketplace. The minority groups mentioned were the focus of affirmative action business policies which emerged from the civil rights movements of the 1960s and 1970s [as detailed in Chapter 4]. Therefore, Native American businesses are not only competing with dominant western populations businesses but also other minority groups. This was seen firsthand [and in fact was one of the catalysts for the present study], in attending several NMSDC Conferences and Tradeshows, and other minority business opportunity workshops and seminars in the US. In Australia, while modelled on the NMSDC, this is not the case, as Indigenous businesses are the only businesses subject the national Indigenous procurement agenda. As John mentions, "the other barrier, which is frankly, the status of certain minorities in the United States, are more preferred than others in the procurement process. That's just reality. Native Americans are on the bottom of the list...probably like Indigenous folks are in Australia and are geographically spread out, but we're on the bottom of the procurement list."

9.8.3 Intertribal partnerships

Apart from being geographically spread out across respective countries of both cases, there are sediments amongst Native American respondents that tribes are somewhat fragmented. It is worth mentioning again here, that the authors analysis and interpretation is of how respondent's narrative emerged and does not dismiss notions that similar negative experiences of this kind do not occur in both cases. Furthermore, it does not negate very successful working relationships both within and across Indian Country in the US and Indigenous communities in Australia. That said, a number of Native American businesses discussed non-Native businesses winning large projects on Indian Country and economic benefits of those projects exiting communities, as stated here by Brian, "they would much rather listen to white people - Anglos. They'd much rather listen to people from other Tribes." Another Native American respondent, David, even called his own behaviour to account. David stated, he "would like to see more intertribal openness, we still do this to ourselves. I am a citizen to the Choctaw Nation of Oklahoma and I'm even guilty of this myself when I start

looking for a new hire, I look for a Choctaw. And then I look for a Native American, then I look for everyone else. We need to start breaking down that first barrier, where we separate ourselves from ourselves.” Nadine talks about larger tribes helping out smaller tribes where resources are extremely limited, “I believe the tribes would be on their side if tribes shared more between themselves. I believe that makes the smaller tribes, and I’m thinking about them right now, because their financial resources are not as great as the larger ones. So, the larger ones seem to be at least addressing the issues, they have money, but I would really like to see the Tribes combining efforts. I see that’s a barrier because their resources are so limited on some of the smaller tribes”

9.10 Underpinning factors that influence negative experiences for Indigenous businesses

As a result of the negative experiences that Indigenous businesses have had, this section looks at the factors that underpin those negative experiences. Following is a discussion about some of significant results about these factors. These factors are considered constraining factors, that is, when they are present in relational circumstances, the commercial transaction tends to be more challenging and transaction costs are increased.

The organisational failure framework for TCE (Williamson 1975) discussed earlier in this chapter, advances that there are human factors and environmental factors that impact transactions. For Native American businesses, the important human factor that underpins negative experiences is ethnic diversity. The environmental factors underpinning negative relationships for Native American businesses are environment [which relates to externalities], business diversity and complexity [large bureaucracies].

These results indicate that, except for ethnic diversity, the factors underpinning constraining commercial relationships for Native American businesses are environmental. That is, in terms of TCE, they relate to uncertainty, complexity and small numbers. Externalities relates to the uncertainty of adverse circumstances that are external to the commercial relationship, the global financial crisis for example. Business diversity relates to the business size and industry, location which have impact and aligns with small numbers. While complexity relates to LPOs being large onerous bureaucracies and suggests uncertainty. That is, when Native American businesses engage with LPOs, the constraining factors that underpin negative relationships include onerous processes, incompleteness and uncertain circumstances around contracting

and the fact that, compared to other minority businesses, there are limited amount of Native American businesses. The only human factor that underpins constraining commercial relationships is ethnic diversity which relates to minority status, for example, women, veteran, Asian American, African American and Hispanic American. This indicates that human factors of bounded rationality and opportunism of LPOs constrain the commercial relationship for Native American businesses. That is, LPO personnel do not understand Native American businesses enough, hence, behave opportunistically – act in self-interest - when engaging with Native American businesses.

For Indigenous Australian businesses, important human factors that underpins negative experiences include unethical behaviour, misaligned values and mistrust. The environmental factor underpinning negative relationships for Indigenous Australian businesses is complexity. These results indicate that, except for complexity, the factors underpinning constraining commercial relationships for Indigenous Australian businesses are human. That is, in terms of TCE, they relate to bounded rationality and opportunism. Unethical behaviour concern behaviours of LPO personnel falling outside of what is considered morally and ethically right. Misaligned values are about a cultural value system mismatch between Indigenous Australian businesses and LPO buyers. Mistrust concerns the level of trust Indigenous businesses have of LPOs.

Table 10: Underpinning factors that influence negative experiences for Indigenous businesses

	Human factors (bounded rationality and opportunism)	Environmental factors (uncertainty, complexity and small numbers)
Underpinning factors that are unique to Native American businesses	Ethnic diversity	Environment [which relates to externalities]; Business diversity; Complexity [high priority]
Similar factors	Gender diversity; Unethical behaviour	Business age; Complexity
Underpinning factors that are unique to Indigenous Australian businesses	Unethical behaviour; Misaligned values; Mistrust	Complexity [low priority]

As the only environmental factor that underpins negative experiences of Indigenous Australian businesses, onerous, complex rules, large bureaucracies and inconsistent procedures relate to complexity and uncertainty. Table 10 above illustrates the results of underpinning factors that influence negative experiences for Indigenous businesses in both cases.

When cases are compared the factors that underpin negative experiences for Native American businesses are mostly environmental while for Indigenous Australian businesses factors were largely human. In terms of TCE this suggests that for Indigenous Australian businesses in the Australian context of inclusive procurement, while not perfect, institutional environments are sufficient enough for Indigenous businesses to operate. That is, Indigenous procurement policies, Reconciliation Action Plans, constitutions, regulations and other relevant *rules of the game*, while improvement is needed, are managing with current economic circumstances, although the institutional environment is only one side of the buy-supplier equation. Evidence of this can be seen in the Commonwealth Governments Indigenous Procurement Policy spend which reached \$345 million with 726 Indigenous-owned suppliers in 2016-17 financial year (Prime minister and Cabinet 2018).

Conversely, the institutions of governance that is, the *play of the game*, which is about relationships (commercial and otherwise), Indigenous Australian businesses are seeing LPOs behave in self-interested ways, their values are not aligning with LPOs and there is a lot of mistrust. In terms of TCE, these human traits relate to bounded rationality and opportunism. Bounded rationality of LPO personnel emphasizes that while Indigenous businesses may hold existing solutions to their institutional pain points, procurement professionals are not able to manage the necessary reasoning to reach those solutions because of their limited computational capacities (Simons 1957). This leads to opportunistic behaviours which is manifested in behaviours such as misrepresentation, making false promises and or threats, deliberately making transactions unclear, disorganizing issues and or withholding information (Hawkins et al 2011). While complexity is mentioned as an environmental element for Indigenous Australian businesses, while being a priority, it is not as important as the underpinning factors of human relationships at the transaction point. These are causes of the challenges that confront Indigenous Australian businesses and constrain their efforts to scale

up their businesses, to try overcoming racism and discrimination within institutions and to contribute to self-determination within their communities.

When cases are compared the factors that underpin negative experiences for Native American businesses are mostly environmental while for Indigenous Australian businesses factors are largely environmental. In terms of TCE this presents that for Native American businesses in the US context of inclusive procurement, while not perfect, institutions of governance are adequate for Native American businesses to operate and grow. That is, human factors that are relevant to the play of the game, while improvement is always needed, are managing with current economic circumstances, although the institutions of governance is only one side of the buy-supplier equation. Evidence of this can be seen in the many Tribal Governments own procurement policies but more importantly in the cultural values systems that underpin, not only Native American businesses but also the LPOs with which they transact – whom are largely Tribal Governments. This would explain why the human factors around bounded rationality and opportunism are less prevalent in the US case.

On the other hand, institutional environments which relate to constitutions, regulations and other relevant rules of the game are seeing Native American businesses confronted with challenges around externalities, complexity and business diversity. In terms of TCE these underpinning factors that constrain Native American businesses are concerned with uncertainty, complexity and small numbers. While bounded rationality, that limits the cognitive resources of humans such as attention span, memory and procedures, puts constraints on the ability of human comprehension (Fadrice and Furr 2014), it can create uncertainty and complexity for Native American businesses. Uncertainty in this case, is the inability of LPOs to ascertain an entire environment about which they contract (Williamson 1975). Complexity is about the costs of dealing with complex rules, large bureaucracies, and inconsistent procedures (Williamson 1975). An example of bounded rationality, uncertainty and complexity is when respondent Harrison, discussed the importance of having reserved financial resources when contracting with a government client. He stated “one thing I’ve learnt with the Government is that you have to make sure that you have, reserves. Because sometimes it takes a while to get paid, sometimes it takes 6 months to 8 months or 9 months and if you don’t have the reserves there you just have to like be really worried to meet pay roll and to cover expenses.” In this example he demonstrates bounded rationality and

uncertainty, as he did not know when he was going to be paid. This also demonstrates the complex nature of a large public bureaucracy. These types of demands as a result of bounded rationality, uncertainty and complexity, are the challenges by which Native American businesses are confronted. These are the causes of those challenges which constrain their efforts to stay viable and not be incapacitated by them. We know that Native American businesses face many challenges, the inability to scale, racism and discrimination within institutions, the difficulties around intertribal partnerships while trying to contribute to self-determination within their communities.

This discussion section has resolved the overarching research question about what are constraining and enabling factors of the Indigenous suppliers and LPO buyer's relationship, following a detailed analysis of data from both the Australian and US cases. Part of this analysis examined the challenges that Indigenous businesses have had during their positive and negative experiences. We now turn to ways of resolving some [not all] of those issues with an aim to decrease transaction costs.

9.11 Solutions

The following section will compare the results about solutions in order to suggest ways on reducing transaction costs for both Indigenous suppliers and their LPO buyers. Two major issues stand out in the previous comparative chapter about solutions. The first is that Indigenous Australian business have offered many solutions and secondly, LPOs understanding of Indigenous businesses cultural values and the concept of self-determination obviously needs resolving. To present the solutions in a logical way, the use of Williamson (1975) Organisational failures framework will be used to determine if solutions offered are human or environmental.

9.11.1 Clarifying the problems

Prior to discussing solutions, it is important that, from a TCE perspective, a brief reflection on the challenges confronting Indigenous businesses in both cases is required. It is also critical to understand the factors that underpin these positive and negative experiences. From the evidence provided herein, broadly, the challenges for Native American businesses relate to environmental factors which are underpinned by complexity, uncertainty and small numbers (Williamson 1975). While for Indigenous Australian their challenges are mostly human

centred and underpinned by bounded rationality and opportunism (Williamson 1975). Notwithstanding, there are many human challenges for Native American businesses and numerous environmental challenge for Indigenous Australian business as well, although their emergence in this study was negligible.

That said, according to New Institutional Economics (NIE), which is an interdisciplinary concept that combines the study of economics with the organisational structure of the firm [of which TCE theory is a product], the institutional environment concerns the rules of the game while the institutions of governance focuses on the play of the game (Williamson 1998). The challenges that confront Indigenous business and their underpinning factors in both cases can be categorised by either institutional environment which deals with policy and politics, or governance of institutions which concerns market relationships. (Williamson 1998). While TCE is predominately located in the latter, it does have a place in the former (Williamson 1998). Hence, the environmental challenges that are confronting Native American businesses and the causal underpinning factors, largely relate to policy and politics. While the human challenges confronting Indigenous Australian businesses and causal underpinning factors mostly relate to the governance of institutions and the relationships therein.

Now that the problems have been clarified in terms of TCE, the next section turns to the solutions. It is noted here, that solutions for these challenges are partly couched in the positive relationship sections earlier in this chapter. They will now be elaborated and a more focused solutions approach will be provided.

9.11.2 Description of solutions

This section will details how the respondents' solutions, through the lens of TCE, will address the factors that underpin negative experiences. With the problems being dissected into institutional environments and institutions of governance for clarity, so too are the solutions.

For Native American businesses, institutions of governance, or human relationships solutions presented in the data include; building and maintaining business relationship networks; LPOs learning to understand self-determination; being transparent and; improving the way negotiations are carried out with Native American business. These solutions can help solve bounded rationality and opportunism problems. While to address problems around institutional environment, or policies and processes for Native American businesses, solutions

were offered around; LPOs providing business incubators with Indigenous perspective with Native American communities; assisting Native American businesses to scale-up through supplier development initiatives; business operations; improving access to capital; improving the way set-a-sides are operationalised and; partnering with LPO buyer co-design success strategies. These solutions can help solve uncertainty, complexity and small numbers problems.

Of these solutions, and through the data analysis process, a priority order was established with the most urgent; 1. Building and maintaining business relationship networks (human); 2. Understanding self-determination (human); 3. Business incubators (environmental); 4. Business operations (environmental); 5. Operationalising set-a-sides (environment); 6. Co-designing success strategies (environmental); 7. Supplier development and scaling – up (environment); 8. Transparency (human); 9. Access to capital (environmental); 10. Improving negotiations (human). Seven of these solutions are related to institutional environment and three to governance of institutions. This is consistent with the results of the factors that underpin negative experiences for Native American businesses. Therefore, solutions for Native American businesses should be centred on the institutional environment that a) creates market confidence to reduce uncertainty, b) simplifies processes to reduce complexities, and c) that increases the number Native American businesses to reach a critical mass to reduce problems around small numbers. However, the top priorities for Native American business is to continue to build and maintain networks and for LPOs to grasp and understanding of self-determination – a bit more about these solutions follows shortly.

For Indigenous Australian businesses, institutions of governance, or human relationships solutions presented in the data include; LPOs learning to understand self-determination; building and maintaining business relationship networks; being transparent; LPO procurement personnel reform and; improving the way negotiations are carried out with Indigenous Australian business. These solutions can help solve bounded rationality and opportunism problems. While to address problems around institutional environment, or policies and processes for Indigenous Australian businesses, solutions were offered around; tendering, reforming policies of intermediaries; business incubators; business operations and; supplier development. These solutions can help solve uncertainty, complexity and small numbers problems.

Of these solutions, and through the data analysis process, a priority order was established with the most urgent; 1. Understanding self-determination (human); 2. Refining tender processes (environmental); 3. LPO procurement personnel reform (human); 4. Building and maintaining business relationship networks (human); 5. Reforming policies of intermediaries (environmental); 6. Improving negotiations (human); 7. Business incubators (environmental); 8. Transparency (human); 9. Business operations (environmental); 10. Supplier development. The solutions are evenly split between institutional environment and governance of institutions. This indicates that solutions for Indigenous Australian businesses should focus on both policy & politics as well as human relationships. However, the results of the factors that underpin negative experiences for Indigenous Australian businesses tend to suggest that human relations solutions are favoured. Therefore, solutions for Indigenous Australian businesses that are centred on institutions of governance that include a) educating LPO professionals through executive education programs about the Indigenous Australian business sector to reduce bounded rationality barriers, and as a result that, b) reduce opportunism by provide alternatives for the rational decision making process about Indigenous Australian businesses. Furthermore, what cannot be ignored is that both cases have strongly indicated that understanding self-determination, which is related to institutional environment and governance of institutions, must be at the forefront of solutions. As a priority, LPOs understanding of self-determination ranked second in the Native American case and first in the Indigenous Australian case. How can these solutions be implemented?

9.11.3 Implementing the solutions

Remaining couched in TCE theory (Williamson 1998) and Indigenous Standpoint Theory (Foley 2003, 2005; Nakata 2007), an implementation method for these solutions is through a rights approach which has the potential to decolonise institutional environments and shift the governance of institutions that prevail at LPOs (Behrendt et al 2015). In the context of this study, a rights approach considers creating and protecting the rights of Indigenous peoples to economic self-sufficiency, that is, changing institutional environments to better understand and engage Indigenous businesses (Behrendt 2003). While, for the purposes of this study, decolonisation, in terms of human relationships, requires an introspective examination of personal “assumptions and beliefs, so that they can be open to other ways of knowing, being,

and doing,” which lay outside dominant western approaches (Sherwood and Edwards 2006, pg. 188). Restructuring an institutional regime in this way, must reflect and embed, the Indigenous cultural value systems of Indigenous business, which would counter their absence in current public and private institutional structures (Behrendt 2003). Reorganization of an institutional regime in this way, would contribute to Indigenous peoples asserting their right to self-determination by regaining control over socioeconomic and cultural futures (Behrendt et al 2015).

The Harvard Project on American Indian Economic Development through the Kennedy School of Governance at Harvard University, is a research initiative that partnered with the University of Arizona to produce the Native Nations Institute for Leadership, Management and Policy (NNI) that delivers programs about self-determination, self-governance and development resources for Indigenous peoples in the US and abroad (Jorgensen 2007). The primary focus of NNI is to build capable Indigenous institutions that can accomplish their own socioeconomic and cultural objectives and is called Rebuilding Native Nations (NNI 2014). Part of this program is about the role of citizen entrepreneurship, in the economic activity of Tribal governments. These Native American owned independent businesses are underdeveloped, and as a result could be omitted from economic growth strategies of Tribal Government (Cornell et al 2007). Furthermore, it is recognised that at times, Tribal Government have created barriers to their success (Cornell et al 2007), which could further explain the results of this study in terms of the US case.

The research into Rebuilding Native Nations (Cornell and Kalt 2007) has identified five major principles; “self-governing - the nation makes the decisions about issues that affect it; Effective governing bodies – governing bodies create mechanisms and structure that implement decisions effectively and efficiently; cultural match – governing bodies ‘match’ the nations contemporary political culture, values and norms, that is, their methods of decision making and implementing those decisions are legitimate in the eyes of the indigenous nation that they serve – public spirited leadership – public-spirited, community-focussed leadership puts the nation ahead of individual interest or family-only concerns and; sustainable strategic planning – proactive and strategic decision making plans for sustainable futures and collective wellbeing. Strategic decision making about how, when and where to assert rights and authority” (Behrendt et al 2014 pg. 18). It is these principles and the Rebuilding Native Nations

agenda that will shape the restructuring of institutional regimes for Native American businesses which will in turn reduce TCE challenges of uncertainty, complexity and small numbers. While for Indigenous Australian businesses the same principles and approach could reshape institutions of governance in Australia to help reduce transactions costs relating to bounded rationality and opportunism.

9.12 Research limitations

The findings of this study have to be seen in light of some limitations.

Given that there is very little or no prior research on this specific topic, I have had to develop an entirely new set of interview questions. The instrument used (interview questionnaire) has not been repeatedly used which might improve its validity i.e. that the questions find out what is supposed to be examined. Nevertheless this is an important first step to take up the opportunity to address gaps in the prior literature and to highlight the need for further development in the area of study.

Another, research limitation of this thesis is that it has relied on qualitative research involving a limited number of respondents and thus the findings are not generalizable. However, it should be noted that one of qualitative researches' internal characteristics is that its findings are not generalizable so it is debateable whether this is technically a limitation.

A second limitation was the purposive sampling undertaken may have failed to optimally identify a representative sample. However as there is no full list of the target population i.e. Indigenous businesses, random sampling or testing how the characteristics of the population are also characteristics of the sample is not possible. In sum, sample testing for representativeness is not possible. However, to minimise this issue the purposive sampling strategy sought to create a diversity of respondents with a breadth of characteristics to ensure voices included different perspectives.

The application of additional research methodologies, in particular quantitative analysis of survey of a larger number of Indigenous businesses would strengthen the findings and is planned for the future.

9.13 Summary of the principal implications

This thesis seeks to inform supply diversity policy and LPO approaches to partnerships with Indigenous businesses in ways that can unlock the benefits of a thriving Indigenous economy. Indeed I felt duty bound to work towards this happening.

What has been generated is a rare and valuable data set. Indigenous respondents have given much of their time and are fully invested in positive outcomes flowing from this study. In accordance with the ethics of Indigenous research, I am determined to keep faith with respondents and this is not the end of research or dissemination process. I will continue to mine this data and seek to deliver findings that inform a bigger conversation about how to support Indigenous businesses. In particular further examination of the experiences and challenges faced by Indigenous business women is warranted but this must be done in lien with both Indigenous Standpoint and Feminist Standpoint theory and be done in partnership with a female Indigenous researcher.

Chapter 10. Conclusion

As mentioned in the prologue, I came to this topic with an inter-generational history of, and first-hand experience of, operating in the Indigenous economy, and, more recently, after unforgettable encounters with another group of active first people's business folk, a group of Native Americans business women and men of the United States.

Growing up on Bellwood Aboriginal Reserve on the NSW mid-north coast, my first venture into the market was selling golf balls. We would also offer our services as caddies to the regular golfers. Other families caught and sold seafood (yamaarr [edible fish], beach worms, pipi's, and oysters) or woven baskets and often reciprocally shared or traded for other goods upriver such as nunguu [kangaroo].

Years later, in 2010, I opened my own consultancy business. In subsequent years I benefited from the advice of a NSW Government representative responsible for Indigenous Economic Development and then attended an Indigenous Business Australia run Introduction to Business Workshops. Here I attended 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 adopt supply diversity initiatives to maximize Indigenous employment opportunities. At the time, I remember being excited and full of optimism about how supply diversity might open up many opportunities for Indigenous businesses.

Over subsequent years, I had reason to be less optimistic, as there was scant evidence that the aim of supply diversity delivering significant opportunities to Indigenous businesses had been realised. While at a macro level I understood the Indigenous Australian business sector was growing, my personal experience and the experience of many other business owners I knew well, suggested to me that this growth was more a result of Indigenous entrepreneurialism and resilience than related to any "success" of supply diversity.

I began to wonder, is it just me and those I know? Is it just an Australia thing? Are other Indigenous peoples elsewhere still are waiting to "unlock" the benefits of supply diversity? Maybe countries that had gone down the supply diversity path earlier have made greater progress?

Fast forward to November 2012, when I was attending the National Minority Supplier Development Council Tradeshow and Conference in Denver, Colorado, I was struck with how few Native American people and businesses were in attendance. At this time, many questions entered my mind. Were Native American businesses engaging in supplier diversity programs? Are there any special circumstances that were constraining their participation? This led to think about the how similar supplier diversity programs for Indigenous businesses were working out (or not working out) for Indigenous Australians back home.

This was the start of my journey of inquiry, where I embarked on this study to seek to answer the question: what are the factors that enable or constrain supplier diversity relationships between Indigenous owned businesses and large purchasing organisations and do they promote supplier diversity outcomes of Indigenous economic independence, empowerment and self-determination? In responding to this primary question, I decided that comparing the cases of Indigenous Australian and Native American businesses might through up some answers.

After analysis of a rich data set of eleven Indigenous Australians and eleven Native American respondents, all of whom were involved in businesses, the thesis has raised some serious questions regarding the limitations of supply diversity initiatives as they have been applied in both cases. In essence, this thesis argues that inclusive procurement, while well-intentioned, is sometimes applied in counter-productive 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.

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, relationships between Indigenous suppliers and their LPO buyers have been closely examined through the dual theoretical lens of Indigenous Standpoint Theory and Transaction Cost Economic Theory. This dual theoretical framework 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.

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' 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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