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ABSTRACT

Although Native Americans have owned and started the fewest small businesses of all U.S. minority groups; entrepreneurship is considered to be an efficient tool for alleviating their economic problems. Barriers to Native American entrepreneurship include poverty, scarce start-up capital, poor access to business education and technical assistance, low educational attainment, few role models, poor infrastructure, tribal regulations, and an orientation towards collectivism that is not conducive to business success. Despite these barriers, Native American entrepreneurship is increasing. While few individual Native Americans are entrepreneurs, many tribes are involved in successful businesses and entrepreneurial enterprises. Gaming is the most well known type of tribal business, with one-third of all tribes involved in casino operations. Groups are emerging to offer technical support to Native American entrepreneurs. Last year the National American Indian Chamber of Commerce was chartered, and federal legislation has created an Office of Native American Affairs within the Small Business Administration. An Oregon organization offers business training to Native Americans, a Native organization helps Indian communities develop financial institutions, and tribes run programs to provide capital for members who want to open businesses. An Arizona university hosts the Center for American Indian Economic Development, and tribal colleges offer business and entrepreneurship programs, although few Native American students are majoring in business administration. Continuing education, policies that endorse tribal self-determination, mentoring programs, and an emphasis on role models can encourage young Native Americans to consider entrepreneurship. (TD)

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Native American Entrepreneurship

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Nicole Seymour

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Over 2 million Native Americans live in the United States, according to the Seven Fires Council (n.d.). Relatively few of these persons are entrepreneurs - according to the most recent U.S. Census data, "Native Americans owned and started the fewest small businesses of all minority groups in the United States," with only 1 in 100 Native Americans identifying as a business owner (Garsombke and Garsombke, 1998, p. 1). However, Native American entrepreneurship is nonetheless a very significant topic, not only because it seems to be a rising trend, but also because it is widely considered to be an efficient tool for alleviating the economic problems that plague this community.

Barriers to Entrepreneurship

According to the Seven Fires Council (n.d.), 800,000 Native Americans live on one of 300 federal reservations and the remaining 1.2 million live in urban areas. This diverse ethnic group, which comprises over 500 federally recognized tribes, is the poorest in the nation. Senator Tim Johnson (2002) stated that "the three year average poverty rate for American Indians and Alaska Natives ... [is] 25.9 percent ... higher than for any other race" (p. 1). This poverty is correlated to the drastically high level of unemployment among Native Americans, which ranges up to 80 percent on reservations, compared to 5.6 percent for the U.S. as a whole (Johnson,

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2002). This poverty may account for the low levels of Native American entrepreneurship, in that start-up capital is scarce, business education is difficult to attain, and enterprises that are initiated cannot easily be supported with personal or community funds.

Besides being economically disadvantaged, Native American entrepreneurs differ from non-native entrepreneurs in multiple ways. According to Garsombke and Garsombke (1998), the typical Native American entrepreneur is male, aged 35 or older, and has only some education beyond high school, whereas non-native entrepreneurs are more often college-educated. Having a parent who is an entrepreneur is much less likely for Native Americans than for non-natives, which may contribute to a pervasive cycle of discouragement. When asked to rate other factors, including aspiration level, formal business education, and communication skills, over 90% of surveyed Native Americans identified these as being significant barriers to starting a business, compared to roughly 50% of non-native entrepreneurs (Garsombke and Garsombke, 1998).

There are also other reasons why Native Americans rarely become entrepreneurs. One of these is limited infrastructure - according to the National Commission on Entrepreneurship (NCOE) (2002), "many reservations lack basic infrastructure - water, road, and sewer services - of sufficient quality to support new businesses" (§6), not to mention having few technological tools like Internet access or telephone service. In fact, only 39 percent of rural Native American households have telephone lines. Another barrier is the lack of technical assistance for entrepreneurs. A recent survey conducted by the National Congress of American Indians found that "less than one-third of tribes operated revolving loan funds or provided advisory services for start-ups" (as cited in NCOE, 2002, §8). Therefore, even if Native Americans overcome myriad obstacles to start a business, they may not have sufficient skills or capital to sustain it.

Despite these barriers, Native American entrepreneurship appears to be on the rise. Recent U.S. Census data found that "Native American/Alaskan Native-owned businesses ... [doubled] in number between 1992 and 1997" (NCOE, 2002, ¶4). In 2000, it was reported that there had been "a 35 percent increase over the past two years in the number of tribal businesses which have opened" (Stockes, 2000, 6). While some in the Native American community believe that these numbers have been overstated, "even recalculated numbers highlight a strong interest in entrepreneurship among Native Americans" (NCOE, 2002, ¶4).

Individual vs. Tribal Entrepreneurship

The existence of tribes and tribal governments has a unique influence on the level of entrepreneurship among Native Americans. As the NCOE (2002) reports, "some tribal council regulations can ... create complications for new firms. In addition, many tribal governments run their own businesses that can compete with those run by individual entrepreneurs" (¶7). Further, the emphasis on community that exists within tribes may prevent some individuals from flourishing in business - one survey found that "Native American entrepreneurs [value] community more than their counterparts[,] who prized individual orientation" and that these persons tend to "think with their hearts" (Garsombke and Garsombke, 1998, p. 3), attributes that do not always make for business success.

While being an individual Native American entrepreneur may prove difficult, many Native Americans are involved in successful businesses and entrepreneurial enterprises on a tribal level. Gaming is the most well known type of tribal business, with one-third of all tribes involved in some sort of casino operation. The majority "of these operations are small enterprises," although they garner a total of \$10 billion annually and generate many new jobs (NCOE, 2002, ¶2). Casinos are particularly prominent in California's economy, with some 61

tribes having tribal-state gaming contracts (California Nations Indian Gaming Association, n.d.). These tribes generate nearly \$3 billion of the \$10 billion annual Native American gaming total (California Nations Indian Gaming Association, e-mail interview, February, 2003).

Despite the popularity of gaming, some tribes have become more innovative in their attempts to develop new revenue streams. As the Phoenix Business Journal reports, "a handful of tribes have taken a swing at developing high-end golf courses over the last few years" (Robertson, 2002, ¶1), partly in response to the uncertain political future of gaming in the state of Arizona.

Assistance and Support for Native American Entrepreneurs

The NCOE (2002) states that "a number of new groups are emerging to offer technical support to Native American entrepreneurs" (¶9). Last year the National American Indian Chamber of Commerce was chartered and Senate Bill 2335, the Native American Small Business Development Act, was implemented, creating an Office of Native American Affairs (ONAA) at the Small Business Administration. The ONAA administers the Tribal Business Information Centers project, which "enhances economic development on reservations by offering ... access to business related computer software technology ... one-to-one business counseling services, and ... business workshops on an ongoing basis" at 18 nationwide locations (ONAA, n.d.).

On a smaller level there are organizations like the Oregon Native American Business and Entrepreneurial Network (ONABEN), which offers business and marketing training to individuals, and First Nations Oweesta Corp., "a native organization that helps Indian communities develop financial institutions" (Simons, 2001, ¶6). Many individual tribes are also implementing internal programs to promote entrepreneurship. According to Indian Country Today, "tribes like Fort McDowell in Arizona and Mille Lacs in Minnesota are running programs

of their own to provide capital for tribal members who want to open their own businesses," (Stockes, 2000, ¶9) while others, like California's Viejas tribe, are "buying banks which then offer business loans to tribal members who qualify" (¶10).

Support for Native American entrepreneurs also exists within the higher education community. Northern Arizona University hosts the Center for American Indian Economic Development (CAIED), which provides a resource library, business consulting, training and workshops for Native Americans (CAIED, n.d.). On a curricular level, many tribal colleges offer classes and programs focusing on business ownership and entrepreneurship. Northland Pioneer College offers an Associate of Applied Science Degree in Business, with Native American Enterprise as one of four optional areas of emphasis. After fulfilling general education requirements, students must take 33 credits from a list of classes that includes "Politics and Tribal Government" and "Building Your Winning Business on the Reservation" (Northland Pioneer College, n.d.).

Conclusion

Despite these various resources, it appears that programs designed to encourage and support Native American entrepreneurship still need to be improved. A comparative study of Native American and non-native entrepreneurs in Wisconsin and Minnesota noted that "few [Native American students] are taking degrees in any business administration majors despite the many scholarships available" to them (Garsombke and Garsombke, 1998, p. 1), and despite their relatively high demographic concentration within this region. The researchers concluded that "programs which are specifically tied to the needs and values of Native Americans will be the ones that enhance entrepreneurial development" (Garsombke and Garsombke, 1998, p. 3) - in particular, they opine that continuing education, policies that endorse tribal self-determination,

mentoring programs and an emphasis on role models can help encourage young Native Americans to consider entrepreneurship. As Senator Tim Johnson stated in his introduction of Senate Bill 2335, "without adequate assistance for entrepreneurs, the economic limitations facing Native American communities will persist" (Johnson, 2002, p. 3).

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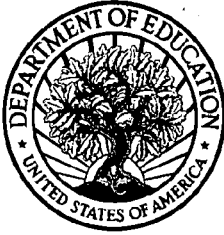
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