

The Australian National University



Centre for
Aboriginal
Economic
Policy
Research

Discussion Paper



**Self-employment amongst
Aboriginal people**

A.E. Daly

No.39/1993

ISSN 1036-1774
ISBN 0 7315 1713 X

SERIES NOTE

The Centre for Aboriginal Economic Policy Research (CAEPR) was established in March 1990 under an agreement between the Australian National University and the Commonwealth of Australia (Aboriginal and Torres Strait Islander Commission). CAEPR operates as an independent research unit within the University's Faculty of Arts. CAEPR's principle objectives are to undertake research to:

- investigate the stimulation of Aboriginal and Torres Strait Islander economic development and issues relating to Aboriginal and Torres Strait Islander employment and unemployment;
- identify and analyse the factors affecting Aboriginal and Torres Strait Islander participation in the labour force; and
- assist in the development of government strategies aimed at raising the level of Aboriginal and Torres Strait Islander participation in the labour market.

The Director of the Centre is responsible to the Vice-Chancellor of the Australian National University and receives assistance in formulating the Centre's research agenda from an Advisory Committee consisting of five senior academics nominated by the Vice-Chancellor and four representatives nominated by the Aboriginal and Torres Strait Islander Commission, the Department of Employment, Education and Training and the Department of Social Security.

CAEPR DISCUSSION PAPERS are intended as a forum for the dissemination of refereed papers on research that falls within the CAEPR ambit. These papers are produced for discussion and comment within the research community and Aboriginal affairs policy arena. Many are subsequently published in academic journals. Copies of discussion papers can be purchased from Reply Paid 440, ANUTECH Pty Ltd, Canberra, ACT, 0200 (phone: 06 249 2479; FAX 06 257 5088).

As with all CAEPR publications, the views expressed in this DISCUSSION PAPER are those of the author(s) and do not reflect an official CAEPR position.

Jon Altman
Director, CAEPR
Australian National University

ABSTRACT

Self-employment has been regarded as an important avenue for the social and economic advancement of some disadvantaged groups such as migrants. As measured by the census it has, however, remained of little importance to Aboriginal people. In 1986, only 1.3 per cent of the Aboriginal working-age population was self-employed compared with 10 per cent of other Australians of working age. This paper presents a comparison of the characteristics of the Aboriginal self-employed with those of Aboriginal wage and salary earners and the self-employed among the rest of the Australian population. In comparison with other Aborigines in employment, the major differences were in the industry and occupation of employment. Self-employed Aborigines were more likely to be working as tradespersons and to work in the private sector than were Aboriginal wage and salary earners. Compared with other self-employed Australians, self-employed Aborigines were less educated and were more likely to be found in the lower-skilled occupations. The census figures only present a partial picture of Aboriginal entrepreneurial activity for a number of reasons. These are outlined in the final section.

Acknowledgements

Earlier versions of this discussion paper have been presented at seminars at the Australian Bureau of Statistics (ABS) and the Centre for Aboriginal Economic Policy Research (CAEPR), Faculty of Arts, Australian National University (ANU). It forms part of a larger project on the position of Aboriginal people in the labour market. I would like to thank Jon Altman, Michael Kidd, Kingsley Palmer, Geoff Sims and the seminar participants for reading and commenting on the earlier drafts. I would also like to thank Linda Roach, Nicky Lumb and Hilary Bek for their help in preparing this paper for publication.

Dr Anne Daly is Research Fellow, Centre for Aboriginal Economic Policy Research, Faculty of Arts, Australian National University.

Foreword

In April 1992, Dr Anne Daly, Research Fellow at CAEPR, ANU took up a concurrent half-time ABS Research Fellowship. The ABS objectives in providing Research Fellowships are to allow greater use of ABS data in academic research and to encourage the development of new techniques for the analysis of data. In Dr Daly's case, a principal aim of applying for this competitive Fellowship, was to allow unimpeded access to the Aboriginal population sub-file so that statistical analysis from the conceptual framework of human capital theory could be undertaken for the first time. Dr Daly's Fellowship runs to 30 September 1993 and in this time she plans to complete a monograph with the working title 'Aboriginal and Torres Strait Islander People in the Australian Labour Market'.

This discussion paper, based on 1986 Census data, provides an analysis of Aboriginal and Torres Strait Islander self-employed. This paper is very policy-relevant for a variety of reasons. The *Report of the Committee of Review of Aboriginal Employment and Training Programs* (The Miller Report 1985) identified the need to establish an Aboriginal economic base (i.e. enterprises) with attenuated opportunities for Aboriginal self-employment. This thrust was incorporated in part in the Aboriginal Employment Development Policy (AEDP) in 1987 with the development of programs, under the Business Funding Scheme, for financially assisting the establishment of Aboriginal enterprise. However, recent assessments of the Aboriginal and Torres Strait Islander Commission's (ATSIC's) enterprise program by both the Department of Finance and ATSIC's Office of Evaluation and Audit in 1991 have been critical. More recently, ATSIC has moved to revise this scheme and also launch a Community Economic Initiatives Scheme as part of the Commonwealth response to recommendations of the Royal Commission into Aboriginal Deaths in Custody. While it is recognised that publishing 1986 Census data in 1993 provides a somewhat dated picture, they should be regarded primarily as a baseline from which to subsequently compare 1991 Census data.

Dr Daly is publishing this work that forms part of a larger project for two main reasons. First, it is important that the results of her research are made widely available as completed. Second, Dr Daly is seeking feedback on this work-in-progress that might assist her overall project. The active collaboration between CAEPR and ABS in this research project is very welcome and the assistance of ABS staff is greatly appreciated.

Jon Altman
Series Editor
April 1993

Self-employment is regarded as an important avenue for social and economic advancement for certain groups in the population. In many countries it is of particular importance for some migrant groups, but even within these groups there are sharp ethnic differences in the rate of self-employment (Rees and Shah 1986; Evans 1989; Borjas 1986; Kidd forthcoming). Self-employment is one means by which ethnic groups can overcome problems such as language difficulties and unrecognised qualifications. Self-employment may also be important as a way of circumventing discrimination in employment. Some Australian evidence suggests that self-employment may be particularly profitable where there are large concentrations of an ethnic group. Members have an advantage in providing goods and services to the group through their knowledge of the relevant language and culture (Evans 1989).

Although Aboriginal people and migrants may encounter similar labour market difficulties, such as language problems and discrimination, according to the census, self-employment is uncommon among Aboriginal people.¹ The Miller Report (1985) commented on the low rate of self-employment among Aboriginal people as recorded in the 1971 and 1981 Censuses. In 1986, the Aboriginal working-age population had a self-employment rate one-eighth of the rest of the Australian population; 1.3 per cent compared with ten per cent. The purpose of this paper is to describe the characteristics of self-employed Aborigines as reported in the census, and to outline some of the major issues highlighted in the literature on Aboriginal entrepreneurial activity. While much has been written on the need to promote Aboriginal enterprises, little has been written on the self-employed as a group.

Small business and self-employment are now regarded as important parts of the economy with specific government policies aimed at promoting these activities. The scope for self-employment differs between industries and occupations reflecting differences in the scale of production, the extent of public ownership and the technologies involved. Among the population in general, self-employment is important in farming activities, the professions (for example doctors, lawyers and accountants), retail trade and building and construction. The Department of Industry, Technology and Commerce (DITECH), the Department of Employment, Education and Training (DEET) and the Department of Primary Industry and Energy (DPIE) are some Commonwealth agencies running programs to promote small business. There is even a specific program, the Aboriginal Enterprise Incentive Scheme (AEIS) run initially by DEET, whose aim is to assist unemployed Aboriginal people to establish small businesses. In 1990 the scheme had a budget of \$9 million. In July 1992, responsibility for AEIS, along with the community elements of the Training for Aboriginals Program (TAP), was transferred to the Aboriginal and Torres Strait Islander Commission (ATSIC).

A range of programs have also been run by ATSIC and its predecessors which aimed to promote Aboriginal enterprises. These programs have met with limited success and their role under the Aboriginal Employment Development Policy (AEDP) was reduced (for some recent critical reviews of programs see Jarvie 1990 and Office of Evaluation and Audit (OEA) 1990, 1991). However, following the recommendations of the Royal Commission into Aboriginal Deaths in Custody, the Community Economic Initiatives Scheme has been established for the promotion of Aboriginal community enterprises. A \$23 million budget will be administered by ATSIC and spent over a five-year period.

The emphasis of this paper will be on a description of the Aboriginal self-employed and a comparison between this group and Aborigines who were wage and salary earners with the non-Aboriginal self-employed. Two comparison groups have been used as there are two broad questions for analysis in this paper. The first comparison relates to the Aboriginal population; how do self-employed Aboriginal people compare with Aboriginal wage and salary earners? This will suggest whether there are any particular niches within the labour market which are more conducive to Aboriginal people becoming self-employed.

The second comparison is between self-employed Aborigines and the self-employed in the rest of the population and focuses on the differences and similarities between the two groups. These results present a benchmark for comparison with the 1991 Census data, when looking for change in the extent of self-employment among Aboriginal people under the AEDP, and suggest areas where policy may be more productively focused.

Two census categories have been included in the definition of self-employed used here: those who said that in the main job held last week they were 'conducting own business but not employing others' and those who were 'conducting own business and employing others' (question 28 of the census). Both categories have been included in the definition of self-employment used here because this paper aims to present a broad picture of the characteristics of all self-employed people. The scale of the business is not a particular focus of this analysis nor is the aim to consider a subsection of the group in greater detail as in some studies (for example, Evans 1989). Seventy per cent of the Aboriginal people describing themselves as self-employed did not employ anyone in their business.

The characteristics of self-employed Aborigines

Table 1 presents data on the age distribution of self-employed Aborigines compared with the other major components of the Aboriginal labour force: the employed and unemployed (unpaid helpers have been omitted

as they constitute a very small category).² The category 'not in the labour force' is not presented here and accounted for the remainder of each age group. A third of the Aboriginal working-age population were wage and salary earners, 19 per cent were unemployed and only 1.3 per cent were self-employed. About 2 per cent of the working-age Aboriginal population in the settled parts of Australia were self-employed and only 0.4 per cent in the remote region.³

As might be expected, self-employment was a minor activity for young people (15-24 year olds). Young self-employed Aboriginal people accounted for 0.1 per cent of the working-age population. In contrast, young wage and salary earners accounted for 11.6 per cent and the young unemployed for 9.9 per cent of the working-age population. The majority of self-employed Aborigines were between the ages of 25 and 44. A similar result was found for the non-Aboriginal population, where the self-employed were also concentrated in the prime working ages of 35 to 44 years. Self-employment declined in importance among people over 50 and was virtually non-existent among Aboriginal people over 54.

Table 1. The employment status of the working-age Aboriginal population, 1986.

Age	Aborigines Wage and salary earners	Aborigines Unemployed	Aborigines Self- employed	non-Aborigines Self- employed
15-19	4.9	5.3	0.0	0.1
20-24	6.7	4.6	0.1	0.4
25-29	5.7	2.9	0.2	1.0
30-34	4.6	2.0	0.2	1.4
35-39	3.8	1.5	0.2	1.9
40-44	2.8	0.9	0.2	1.6
45-49	2.0	0.7	0.1	1.3
50-54	1.3	0.4	0.1	1.0
55-59	0.8	0.3	0.0	0.9
60-64	0.3	0.1	0.0	0.5
Total	32.9	18.7	1.3	10.1
Total number	40,838	23,274	1,615	938,700

Source: 1986 Census special tabulations.

The picture of self-employed Aborigines which is presented in the census suggests that this group was, in many respects, more like the rest of the Australian population than Aborigines were in general. Several reported characteristics support this statement. They were more likely to live in a major urban area than were Aboriginal wage and salary earners (37.2 per cent compared with 30.9 per cent) and were more likely to be legally married (69.9 per cent compared with 41.3 per cent). However, on neither of these indicators did the percentages reach those of the non-Aboriginal self-employed, 50 per cent of whom lived in a major urban area and 82 per cent of whom were legally married. Self-employed Aboriginal people were reported as having a high proficiency in English; 93 per cent spoke English as their main language compared with 83 per cent of Aboriginal wage and salary earners and 85 per cent of the non-Aboriginal self-employed.

Table 2. Age on leaving school by employment status for Aboriginal and non-Aboriginal people aged 15-64 years in 1986.

Age	Wage and salary earners	Aboriginal: Self- employed	non-Aboriginal Self- employed
Less than age 12 years	2.3	2.6	2.8
13-14	16.2	22.7	16.4
15	31.8	34.6	28.8
16	27.2	23.2	23.0
17-18	17.5	14.1	25.0
19+	1.5	1.6	3.6
Still at school	0.6	0.0	0.1
Never attended school	3.0	1.2	0.4
Total	100.0	100.0	100.0
Average years of schooling ^a	10.1	10.1	10.6

a. These figures are calculated on the assumption that children begin school at the age of five. Those still attending school were omitted from the calculation.

Source: 1986 Census special tabulations.

Tables 2 to 4 relate to education. Table 2 compares age on leaving school for the three groups. The extent of formal education according to this measure was similar between Aboriginal people who were self-employed and wage and salary earners. The average years of schooling for the two groups was identical. Self-employed Aborigines had completed less

formal education than other self-employed Australians. On average, they had spent half a year less in school than the non-Aboriginal self-employed.

Table 3 shows that self-employed Aborigines were more likely to hold a qualification. About a third of self-employed Aborigines held a trade or other qualification, almost twice the proportion among Aboriginal wage and salary earners and similar to the proportion in the non-Aboriginal self-employed population. In comparison with the non-Aboriginal self-employed, a relatively small proportion of the Aboriginal self-employed held university degrees or diplomas. This difference is reflected in the much larger percentage of the non-Aboriginal self-employed in the professions reported in the occupational distribution of the self-employed considered below (see Table 5). The Aboriginal self-employed were less likely to hold a qualification than were other self-employed Australians.

Table 3. Qualifications by employment status for Aboriginal and non-Aboriginal people aged 15-64 years in 1986.

Qualification	Aboriginal population		non-Aboriginal
	Wage and salary earners Per cent	Self- employed Per cent	Self- employed Per cent
University degree	0.9	1.8	6.8
Diploma	1.6	1.1	4.5
Trade or other certificate ^a	18.5	34.8	33.4
No qualifications	78.9	62.3	55.3
Total	100.0	100.0	100.0

a. This category also includes qualifications which were not classified according to the level.

Source: 1986 Census special tabulations.

Table 4 shows the broad field in which qualifications were held. The main two fields in which the Aboriginal self-employed held qualifications were in science, engineering and architecture; and manufacturing (this group includes qualifications such as vehicle mechanic, electrician and boiler maker). These two groups were also important among Aboriginal wage and salary earners and the non-Aboriginal self-employed.

Table 4. Field of qualification by employment status for Aboriginal and non-Aboriginal people aged 15-64 years in 1986.

Field of qualification	Aboriginal population		non-Aboriginal
	Wage and salary earners	Self-employed	Self-employed
Management and administration	2.1	1.1	4.2
Science, engineering and architecture	2.5	11.5	12.0
Social science, humanities, religion and education	2.6	1.7	4.1
Medical, veterinary	1.9	2.4	4.5
Arts	0.2	0.7	0.9
Agriculture	0.4	0.6	1.6
Manufacturing	4.4	9.6	9.9
Services	1.2	1.9	3.2
Military	0.0	0.0	0.1
Other and inadequately described	5.7	6.5	4.2
No qualifications	78.9	64.0	55.3
Total	100.0	100.0	100.0

Source: 1986 Census special tabulations.

Table 5. Occupation by employment status for Aboriginal and non-Aboriginal people aged 15-64 years in 1986.

Occupation	Aboriginal population		non-Aboriginal
	Wage and salary earners	Self-employed	Self-employed
Managers and administrators	2.7	24.3	37.5
Professionals	5.3	5.2	9.8
Para-professionals	6.5	1.8	1.6
Tradespersons	14.2	25.1	20.0
Clerks	16.9	6.2	7.0
Salespersons, etc.	8.5	9.1	10.8
Plant and machinery operators and drivers	10.9	12.7	6.8
Labourers	34.9	15.6	6.5
Total	100.0	100.0	100.0

Source: 1986 Census special tabulations.

Table 6. Industry by employment status for Aboriginal and non-Aboriginal people, 1986.

Industry	Aboriginal population		non-Aboriginal
	Wage and salary earners	Self- employed	Self- employed
Agriculture	7.0	18.3	21.5
Mining	2.1	1.0	0.2
Manufacturing	9.6	8.0	7.4
Electricity, gas, water	1.8	0.0	0.0
Construction	5.9	21.5	16.2
Wholesale, retail trade	9.8	22.9	25.1
Transport, storage	6.6	9.8	5.9
Communications	1.7	0.0	0.0
Finance, property etc.	4.0	6.5	11.0
Public administration	13.7	0.0	0.0
Community services	32.0	1.9	4.3
Recreation, personal services	5.7	10.0	8.4
Total	100.0	100.0	100.0

Source: 1986 Census special tabulations.

Self-employed Aboriginal people were less likely to hold qualifications in the fields of management and administration; and social science, humanities, education and religion than were Aboriginal wage and salary earners. These types of qualifications were probably important in the industries of public administration and community services. Most of the difference between the Aboriginal and non-Aboriginal self-employed in the distribution of field of qualification can be accounted for by the smaller proportion of Aboriginal self-employed with qualifications in these two fields.

Educational background is reflected in the occupation and industry of employment data presented in Tables 5 and 6. The large group of self-employed Aborigines with trade qualifications can be seen occupied as tradespersons. These were mainly building and vehicle tradespersons. The other large occupational group, apart from tradespersons, was managers and administrators. It is perhaps not surprising to find that about a quarter of self-employed Aborigines were classified as managers and administrators compared with only 2.7 per cent of Aboriginal wage and salary earners (see Table 5). This, however, was a smaller proportion than the 37.5 per cent of the non-Aboriginal self-employed who were classified as managers and administrators. In this group the major occupations were farmers and farm managers and managers of wholesale and retail establishments.

This difference between the Aboriginal and non-Aboriginal self-employed was offset at the other end of the skill spectrum. While 13.3 per cent of the non-Aboriginal self-employed were in the less skilled occupations of plant and machinery operators and labourers, 28.3 per cent of the Aboriginal self-employed were in these groups. This compared with almost half of Aboriginal wage and salary earners who were in these groups. The major occupations in these categories for the self-employed were 'road/rail transport driver' and 'miscellaneous labourer'. Further information is necessary to establish what work self-employed 'miscellaneous labourers' were actually engaged in.

The distribution of self-employed Aboriginal people across the twelve major industry groups differed markedly from the distribution of wage and salary earners reflecting differences between industries in the technologies employed, the scale of production and the extent of public ownership. Almost two-thirds of self-employed Aborigines were working in agriculture, construction and the wholesale and retail trades. These industries were important for self-employed Aborigines in both remote and settled Australia. However, these three industries only accounted for 22.7 per cent of wage and salary employment. Community services, which was the major employer of Aboriginal wage and salary earners (32 per cent of total employment) accounted for only 1.9 per cent of employment amongst self-employed Aborigines.

The distribution of self-employed Aboriginal people across these industries was similar to that of the non-Aboriginal self-employed, although this result may conceal some important differences. It is possible that the non-Aboriginal people who were self-employed in agriculture were mainly managers and administrators, while Aborigines were self-employed labourers.

These differences between Aboriginal wage and salary earners and the self-employed might be expected to be reflected in income differences. Measurement of incomes of self-employed people, however, is particularly difficult because the separation of expenditure and income into current and investment components is complex. For example, a farmer may have a low annual disposable income because he has invested in farm improvements which will yield a capital gain on the sale of the farm at some point in the future. His current income therefore does not fully reflect his command over goods and services. Complications such as this make a comparison of income between wage and salary earners and the self-employed difficult.⁴

Table 7. Income distribution by employment status for Aboriginal and non-Aboriginal people in 1986.

	Aboriginal population Wage and salary earners	Self- employed	non-Aboriginal Self- employed
Q1 ^a	\$9,243	\$7,289	\$8,523
Median ^a	\$13,119	\$13,371	\$14,536
Q3 ^a	\$17,017	\$19,961	\$21,569

a. Q1, the first quartile, shows the income level which divides the income distribution so that 25 per cent of individuals had incomes below this level and 75 per cent above this level. The median divides the income distribution in half and Q3, the third quartile, divides the income distribution so that 75 per cent of individuals had an income below this level and 25 per cent above.

Source: 1986 Census special tabulations.

The figures presented in Table 7 show that the distribution of income for Aboriginal wage and salary earners was more concentrated about the median than for self-employed Aborigines. The median annual income was almost identical for the two groups of Aboriginal people. Given the presumption that the income of self-employed Aborigines may be understated, these results show that this group is not worse off in terms of money income than other Aborigines.

A comparison between the Aboriginal and non-Aboriginal self-employed is perhaps less problematic as the difficulty of distinguishing individual income from that of the business is present for both. The median income of self-employed Aboriginal people was 92 per cent of that for self-employed non-Aboriginal people. This is a higher ratio than the Aboriginal/non-Aboriginal ratio for all employed people (Daly 1992).

Some possible explanations of the low level of self-employment among Aboriginal people

The census data reported here show that for Aboriginal people, self-employment is a minor activity. Most Aboriginal people in employment were wage and salary earners. There are a number of reasons why these census statistics under-represent the extent of self-employment and entrepreneurial activity among Aboriginal people.

Firstly, there is the problem that Aboriginal artists and hunter-gatherers may not classify themselves or be recognised as self-employed under existing definitions. The Aboriginal Arts and Crafts Review (Altman 1989) estimated that there were 4,838 Aboriginal artists in Australia in 1987/88, but the 1986 Census showed only 59 Aboriginal people engaged in visual arts and crafts occupations. Similarly, hunter-gatherers are unlikely to be included among the self-employed as they could not be described as 'conducting their own business' even though they are working to produce non-monetary income for themselves. Altman and Taylor (1989) estimated that about 10 per cent of the Aboriginal population lived at outstations where some hunting and gathering activities were undertaken.⁵ The inclusion of these groups would increase the importance of self-employment among Aboriginal people. However, in order to compare this figure with that of the total Australian population, it would be necessary to make a similar adjustment for other Australians who earned income from similar sources.⁶ It seems likely that the proportion of Aboriginal people in a more broadly defined category of self-employment would remain below that of other Australians.⁷

It is questionable, however, whether it is appropriate to think of these artists and hunter-gatherers as being independent of government income support. The majority of the artists surveyed for the Arts and Crafts Review earned less than \$1,000 a year from these activities; this income was usually a supplement to income derived from other sources. Similarly, hunting and gathering activities produced only part of the income of people living at outstations (Altman 1987b; Altman and Taylor 1989; Fisk 1985) as many adults received income transfers from government. The use of a broader definition of self-employment to include these groups would conceal important characteristics of the individuals concerned. For example, the income generated by most Aboriginal artists was not sufficient to make them economically independent; to describe them as self-employed would suggest otherwise. The need for income support from sources other than arts and crafts production and hunting and gathering would remain if Aboriginal incomes were not to fall even further behind those of other Australians.

One of the reasons for low levels of self-employment among Aboriginal people may be the government agencies' preference for funding of community enterprises rather than individual ones. Arthur (1992) and Young (1988) show that in Aboriginal policy there has been considerable emphasis placed on the community in the establishment of enterprises. This emphasis may in part explain or contribute to the low rate of self-employment among Aboriginal people.

Other factors may also be important in explaining differential rates of self-employment and the low rate of success of Aboriginal community enterprises. (see Altman 1987a, 1988; OEA 1991; Jarvie 1990; Arthur 1992; Young 1987, 1988 for fuller discussions of these issues). An obvious limiting factor is the lower level of education, labour market experience and management skills among Aboriginal people compared with the rest of the Australian population. For example, Young (1987) noted that Aboriginal enterprises such as the community store, were often run by European managers because there was no Aboriginal member of the community with the necessary commercial experience. Altman (1987a, 1988) also emphasised the lack of managerial skills as an inhibiting factor in the development of Aboriginal tourist enterprises.

A further argument attributes these differences, in part, to an absence of a 'culture of entrepreneurship' among Aboriginal people (Altman 1988; Young 1987, 1988). Young emphasises the importance of kinship ties and authority structures based on age and traditional knowledge as barriers to profit maximising behaviour in the management of commercial enterprises. Furthermore, in remote Australia, traditional owners of land may have particular rights of control over all enterprises conducted on this land regardless of their ability or experience in running enterprises (Ellana et al. 1988).

Access to the necessary capital to establish an enterprise is another factor limiting the ability of poor Aboriginal people to establish their own businesses. Altman (1988) noted that even where there were significant amounts of capital available from royalty payments, there was a tension between spending the money now on needy members of the community or investing it for the future.

A final explanation of the lack of entrepreneurial success among Aboriginal people is the relatively large proportion living in remote areas where transport costs and a low level of local demand inhibit the growth of small business. Although location of residence may reduce the scope for the establishment of a wide range of small businesses, it also creates opportunities based on these locations. Altman (1989) estimated that half of the Aboriginal artists in Australia lived in the Northern Territory. Their location offers them opportunities for sale of their work to tourists.

The relative importance of all these factors in explaining the low levels of self-employment among Aboriginal people remains unquantified and census data are not conducive to a further investigation of these issues.

Conclusion

The role of self-employment and small business in providing opportunities for disadvantaged groups to develop a niche in the labour market has been emphasised in a number of studies of the economic status of migrants in various countries. Many of the problems faced by migrants such as language difficulties and discrimination, may also exist for Aboriginal people entering the labour market, yet self-employment remains a minor activity for Aboriginal people. According to 1986 Census figures, the Aboriginal working-age population had a self-employment rate which was one-eighth of that of the rest of the Australian population; 1.3 per cent compared with 10 per cent. There appear to be a number of possible explanations of this result.

A first possibility is that there are a large number of Aboriginal people working as artists and hunter-gatherers who either do not classify themselves, or are not recognised, as self-employed. These people generate income from these activities and as such make an important contribution to their own wellbeing. It is, however, important to recognise that the majority of this group remain dependent on income transfers from government for most of their income. While it would be misleading to describe this group as economically inactive or totally welfare dependent, it seems inappropriate to classify them as self-employed in the sense that they are economically independent of government income support.

The emphasis of government funding on community enterprises may be another factor contributing to the lower rate of self-employment among Aboriginal people, especially in urban settings where there are no communities. Among the other reasons which have been put forward to explain the lack of entrepreneurial success among Aboriginal people are a lack of education and training in the organisation of viable commercial enterprises. Shortages of capital and the limited opportunities related to remote locations of residence may also contribute to low levels of self-employment. The role of traditional value systems which do not fit well with the efficient organisation of a viable commercial enterprise has also been emphasised. Some of these factors may have positive as well as negative aspects. Aboriginal people living traditional lifestyles in remote locations may be considered to have unique opportunities for the development of small business.

Two comparison groups have been used in this paper to present a picture of self-employed Aborigines. The first was a comparison with Aboriginal wage and salary earners. The major differences between these two groups of employed Aborigines were in the occupation and industry of employment. Self-employed Aborigines were more likely to be employed

as tradespersons and to work in the private sector (agriculture, construction and wholesale and retail trade) than were Aboriginal wage and salary earners. This group may therefore offer important opportunities for the expansion of Aboriginal employment in these industries and for a reduction of Aboriginal dependence on public sector employment and welfare.

In comparison with other self-employed Australians, self-employed Aborigines had spent less time at school and were less likely to have a formal qualification. They were mainly employed in trade occupations and in the lower-skilled occupations of plant and machinery operators and labourers. Self-employed Aborigines were under-represented among managers and administrators and professionals compared with other self-employed Australians. Raising educational attainment is likely to increase the number of Aboriginal people in these groups but it will be difficult to increase numbers in the professions. Entry to courses such as law and medicine is extremely competitive and it is unlikely that large numbers of Aboriginal people will gain these types of qualifications.

Self-employment has been recognised as a means by which disadvantaged groups can raise their economic status. However, there are other ways of achieving this end. In the case of Aboriginal people, community enterprises may offer access to employment and income for this disadvantaged group in the way that self-employment has for some migrant groups. If this is so, the low levels of self-employment among Aboriginal people may not be a particular problem but rather reflect features of Aboriginal culture. An important difference between privately owned small business and Aboriginal community enterprises arises when community enterprises remain dependent on public money and political support for viability. The success of Aboriginal commercial enterprises, whether run by individuals or communities, will depend amongst other things, on the development of the appropriate management skills and rewards for those working in enterprises.

Notes

1. The terms 'Aboriginal' and 'Aborigines' will be used throughout this paper to describe both the Aboriginal and Torres Strait Islander populations of Australia.
2. The data relating to Aboriginal people are taken from the full Aboriginal sub-file of the 1986 Census. The data on non-Aboriginal people come from the 1 per cent section-of-State public use sample of the 1986 Census because of the large costs associated with running tables on the full file covering the whole of the Australian population.
3. Settled Australia includes the south-eastern coastal strip and the area around Perth, while the remaining areas are classified as remote. For a more detailed discussion

of this breakdown see Daly (1992). Taylor (1992) summarises the debate on these issues.

4. Chiswick (1983) presents a methodology based on a human capital earnings function, for the decomposition of income for the self-employed into its labour and non-labour components.
5. See Altman and Allen (1992a) for a recent survey of studies of the contribution of subsistence activities to the income of Aboriginal people living in remote Australia.
6. See Altman and Allen (1992b) for a discussion of the issues relating to the inclusion of the informal sector in official statistics.
7. It has been suggested by a referee that unemployed Aborigines in some communities may identify themselves as self-employed. If this is the case, Aboriginal self-employment may be overstated by the census data. Further research is required to quantify the importance of this factor.

References

- Altman, J.C. 1987a. 'The economic impact of tourism on the Warmun (Turkey Creek) community East Kimberley', *East Kimberley Working Paper No. 19*, Centre for Resource and Environmental Studies, Australian National University, Canberra.
- Altman, J.C. 1987b. *Hunter-Gatherers Today: An Aboriginal Economy in North Australia*, Australian Institute of Aboriginal Studies, Canberra.
- Altman, J.C. 1988. *Aborigines, Tourism, and Development: The Northern Territory Experience*, North Australia Research Unit, Darwin.
- Altman, J.C. (Chairman) 1989. *The Aboriginal Arts and Crafts Industry*, Report of the Review Committee, Australian Government Publishing Service, Canberra.
- Altman, J.C. and Allen, L.M. 1992a. 'Living off the land in national parks: issues for Aboriginal Australians', in J. Birckhead, T. De Lacey and L. Smith (eds) *Aboriginal Involvement in Parks and Protected Areas*, Aboriginal Studies Press, Canberra.
- Altman, J.C. and Allen, L.M. 1992b. 'Indigenous participation in the informal economy: statistical and policy implications', in J.C. Altman (ed.) *A National Survey of Indigenous Australians*, Centre for Aboriginal Economic Policy Research, Australian National University, Canberra.
- Altman, J.C. and Taylor, L. 1989. *The Economic Viability of Aboriginal Outstations and Homelands*, Australian Government Publishing Service, Canberra.
- Arthur, W.S. 1992. 'The Aboriginal community and community enterprise', in P. Saunders, and D. Encel, (eds) *Social Policy in Australia: Options for the 1990s*, Social Policy Research Centre, University of New South Wales, Kensington.
- Borjas, G. 1986. 'The self-employment experience of immigrants', *Journal of Human Resources*, 21 (4): 485-506.
- Chiswick, C. 1983. 'Analysis of earnings from household enterprises: methodology and application to Thailand', *Review of Economics and Statistics*, 65 (4): 658-62.
- Daly, A. E. 1992. 'Aboriginal people in the labour market', unpublished paper, Centre for Aboriginal Economic Policy Research, Australian National University, Canberra.

Ellana, E., Loveday, P., Stanley, O. and Young, E. 1988. *Economic Enterprises in Aboriginal Communities in the Northern Territory*, North Australia Research Unit, Darwin.

Evans, M.D.R. 1989. 'Immigrant entrepreneurship: effects of ethnic market size and isolated labor pool', *American Sociological Review*, 54: 950-62.

Fisk, E.K. 1985. *The Aboriginal Economy in Town and Country*, George Allen and Unwin, Sydney.

Jarvie, W. 1990. Review of the Economic Independence Program of the Aboriginal Development Commission, unpublished report, Department of Finance, Canberra.

Kidd, M. (forthcoming). 'Immigrant wage differentials and the role of self-employment in Australia', *Australian Economic Papers*.

Miller, M. (Chairman) 1985. *Report of the Committee of Review of Aboriginal Employment and Training Programs*, Australian Government Publishing Service, Canberra.

Office of Evaluation and Audit (OEA) 1990. *Aboriginal and Torres Strait Islander Enterprise Funding*, OEA, Canberra.

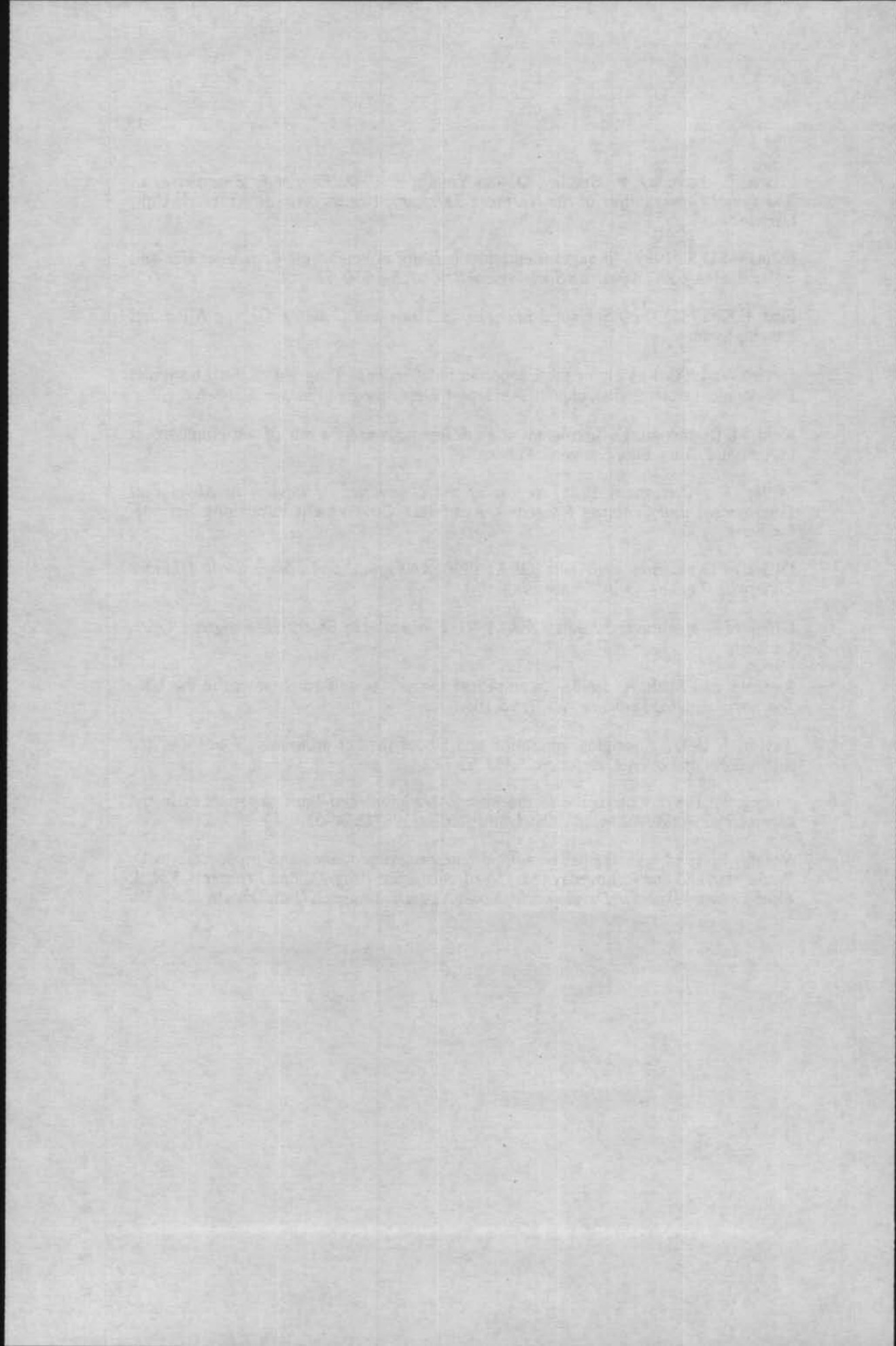
Office of Evaluation and Audit (OEA) 1991. *Evaluation of Enterprise Program*, OEA, Canberra.

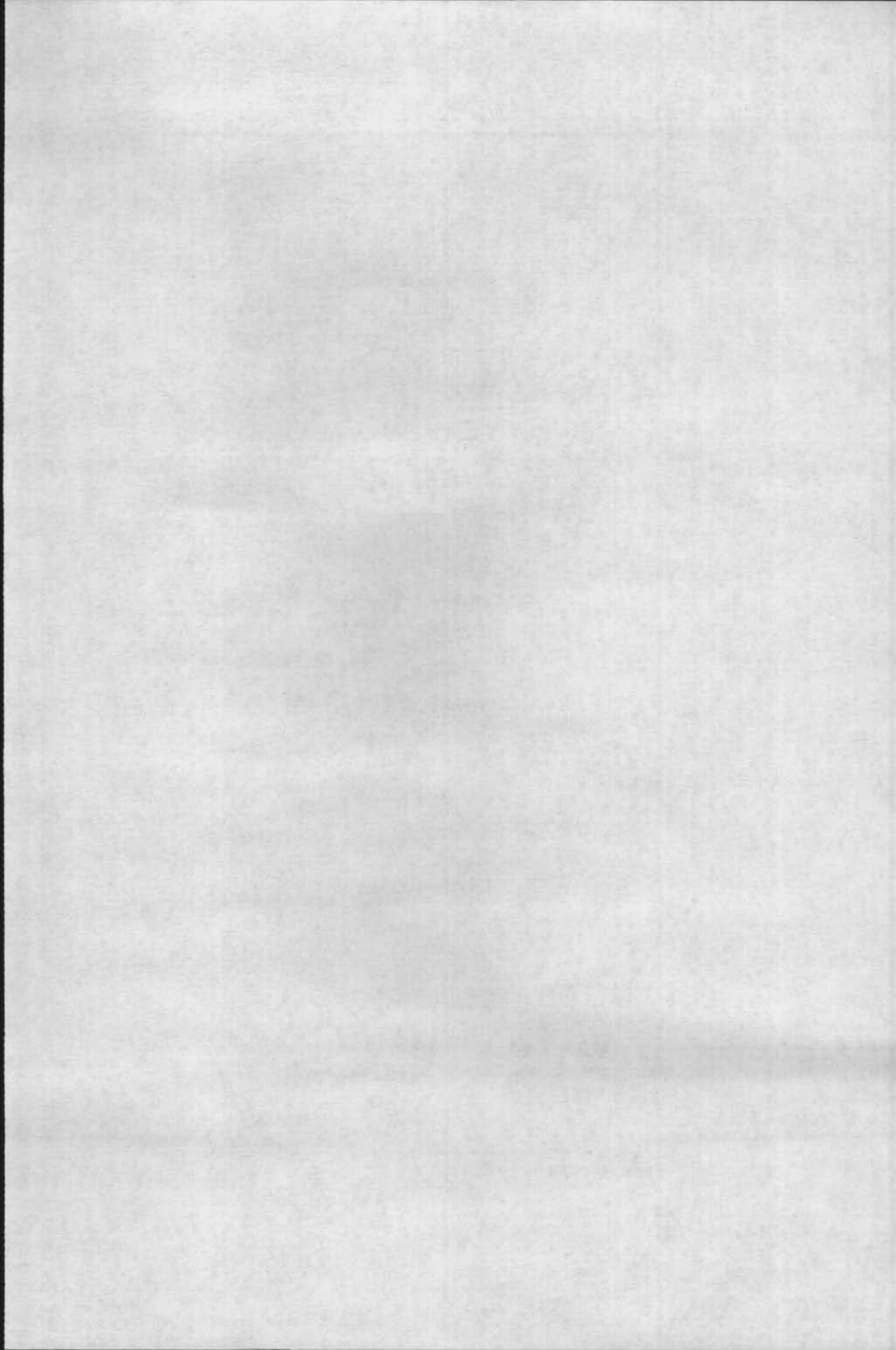
Rees, H. and Shah, A. 1986. 'An empirical analysis of self-employment in the UK', *Journal of Applied Econometrics*, 1: 95-108.

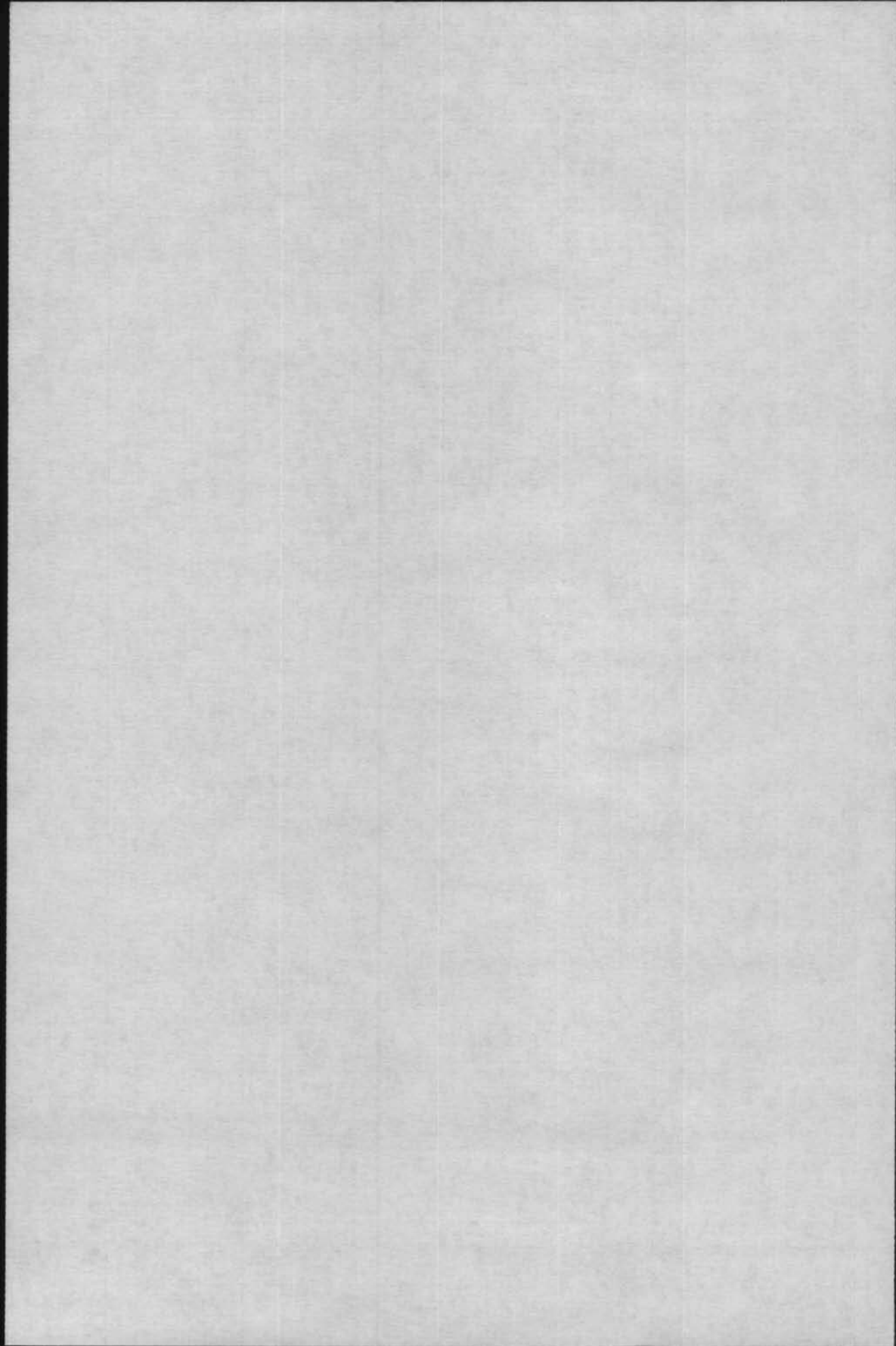
Taylor, J. 1992. 'Aboriginal migration and labour market programs', *Journal of the Australian Population Association*, 9 (1): 53-71.

Young, E. 1987. 'Commerce in the bush: Aboriginal and Inuit experiences in the commercial world', *Australian Aboriginal Studies*, 1987/2: 46-53.

Young, E. 1988. 'Aboriginal economic enterprises: problems and prospects', in D. Wade-Marshall and P. Loveday (eds) *North Australia: Progress and Prospects, Vol. 1, Contemporary Issues in Development*, North Australia Research Unit, Darwin.







**CENTRE FOR ABORIGINAL ECONOMIC POLICY RESEARCH (CAEPR)
DISCUSSION PAPERS**

- 1/1991 *From exclusion to dependence: Aborigines and the welfare state in Australia*, J.C. Altman and W. Sanders.
- 2/1991 *Geographic variations in the economic status of Aboriginal people: a preliminary investigation*, H. Tesfaghiorghis.
- 3/1991 *Aboriginal socio-economic status: are there any evident changes?*, H. Tesfaghiorghis and J.C. Altman.
- 4/1991 *Indigenous economic development in the Torres Strait: possibilities and limitations*, W.S. Arthur.
- 5/1991 *The CDEP scheme: administrative and policy issues*, J.C. Altman and W. Sanders.
- 6/1991 *The participation of Aboriginal people in the Australian labour market*, A.E. Daly.
- 7/1991 *The impact of welfare on the economic status of Aboriginal women*, A.E. Daly.
- 8/1991 *Geographic location and Aboriginal economic status: a census-based analysis of outstations in Australia's Northern Territory*, J. Taylor.
- 9/1991 *Aboriginal expenditure patterns: an analysis of empirical data and its policy implications*, D.E. Smith.
- 10/1991 *Toward an Aboriginal household expenditure survey: conceptual, methodological and cultural considerations*, D.E. Smith.
- 11/1991 *Aboriginal economic status by ATSIC regions: analyses of 1986 Census data*, H. Tesfaghiorghis.
- 12/1991 *Appropriate income support for Aboriginal Australians: options for the 1990s*, J.C. Altman.
- 13/1991 *Aboriginal unemployment statistics: policy implications of the divergence between official and case study data*, D.E. Smith.
- 14/1991 *Living off the land in national parks: issues for Aboriginal Australians*, J.C. Altman and L.M. Allen.
- 15/1991 *Funding allocations to Aboriginal people: the Western Australia case*, W.S. Arthur.
- 16/1991 *The employment of Aboriginal Australians in the labour market*, A.E. Daly.
- 17/1991 *Spatial mobility of working age Aborigines in settled and remote Australia: a preliminary analysis*, J. Taylor.
- 18/1991 *Social indicators of the Aboriginal population of Australia*, A. Gray and H. Tesfaghiorghis.
- 19/1992 *Estimating the reliance of Aboriginal Australians on welfare: some policy implications*, J.C. Altman and D.E. Smith.
- 20/1992 *Establishing trends in ATSIC regional council populations using census data: a cautionary note*, J.C. Altman and K.H.W. Gaminiratne.

- 21/1992 *Do fluctuations in the Australian macroeconomy influence Aboriginal employment status?*, J.C. Altman and A.E. Daly.
- 22/1992 *Industry segregation among employed Aborigines and Torres Strait Islanders*, J. Taylor.
- 23/1992 *The evaluation of labour market programs: some issues for Aboriginal policy formulation from experience in the United States*, A.E. Daly.
- 24/1992 *First counts, 1991 Census: a comment on Aboriginal and Torres Strait Islander population growth*, K.H.W. Gaminiratne.
- 25/1992 *Patterns and trends in the spatial diffusion of the Torres Strait Islander population*, J. Taylor and W.S. Arthur.
- 26/1992 *Aborigines, tourism and sustainable development*, J.C. Altman and J. Finlayson.
- 27/1992 *Political spoils or political largesse? Regional development in northern Quebec, Canada and Australia's Northern Territory*, C. Scott.
- 28/1992 *Survey or census? Estimation of Aboriginal and Torres Strait Islander housing need in large urban areas*, J. Taylor.
- 29/1992 *An analysis of the Aboriginal component of Commonwealth fiscal flows to the Northern Territory*, D.E. Smith.
- 30/1992 *Estimating Northern Territory Government program expenditure for Aboriginal people: problems and implications*, D.E. Smith.
- 31/1992 *Estimating Aboriginal and Torres Strait Islander fertility from census data*, K.W.H. Gaminiratne.
- 32/1992 *The determinants of Aboriginal employment income*, A.E. Daly.
- 33/1992 *Occupational segregation: a comparison between employed Aborigines, Torres Strait Islanders and other Australians*, J. Taylor.
- 34/1992 *Aboriginal population change in remote Australia, 1986-91: data issues*, J. Taylor.
- 35/1992 *A comparison of the socioeconomic characteristics of Aboriginal and Torres Strait Islander people*, J. Taylor and K.H.W. Gaminiratne.
- 36/1992 *The CDEP scheme: a census-based analysis of the labour market status of participants in 1986*, J.C. Altman and A.E. Daly.
- 37/1993 *Indigenous Australians in the National Tourism Strategy: impact, sustainability and policy issues*, J.C. Altman.
- 38/1993 *Education and employment for young Aborigines*, A.E. Daly.
- 39/1993 *Self-employment amongst Aboriginal people*, A.E. Daly.
- 40/1993 *Aboriginal socioeconomic change in the Northern Territory, 1986-91*, J. Taylor.
- 41/1993 *ATSIC's mechanisms for resource allocation: current policy and practice*, D.E. Smith.
- 42/1993 *The fiscal equalisation model: options for ATSIC's future funding policy and practice*, D.E. Smith.

