Beyond Main Street: Franchising Strategies for Indigenous Entrepreneurship in Australia

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Abstract Australia's Indigenous population faces disparities which tarnish Australia's image as "the lucky country": a life expectancy markedly less than non-Indigenous Australians, lower education standards, poorer health, greater unemployment, and the list goes on. Having developed a culture which enabled first Australians to survive, and indeed thrive, for over 60,000 years in all areas of Australia's massive landmass and challenging climate and conditions, Australia's original inhabitants have faced their greatest challenge in the form of European invasion and settlement just over 200 years ago. Successive Australian governments have made regrettably little progress in dealing effectively with the challenges faced by Indigenous Australians living within, and alongside, modern Europeanized and increasing Asianized Australia. A massive welfare budget has not resulted in sustained positive outcomes, and there is increasing recognition from Indigenous leadership that there is a need to find a way out of welfare dependency and that economic empowerment is likely to be a more effective strategy. This paper considers the potential role of franchising—albeit not as practiced in Main Street Australia—in supporting Indigenous entrepreneurship.

1 Introduction

Australia is by any measure a lucky country. It has bountiful natural resources, a high standard of living, and legal, economic, and commercial systems which enable the realistic aspirations of the vast majority of its 24 million population to be realized. However, Australia's Indigenous population—the world's oldest surviving culture which predates European settlement in 1788 by about 60,000 years—is largely disenfranchised. On any measure, very significant disparities exist between Indigenous[1] and non-Indigenous Australia. This sad reality continues despite

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[1]This paper uses the terms Indigenous Australians and first Australians to describe Aboriginal and Torres Strait Islander people in Australia.

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significant mining royalties and income flowing to remote communities by virtue of Native Title legislation granting land rights to Indigenous communities[2] and a massive welfare budget (Steering Committee for the Review of Government Service Provision 2014).

There can be little argument with the proposition that "economic disadvantage leads to social dysfunction and has a dramatic negative impact on education, health and general well being" (Gunya Australia 2007, p. 3). The plight of many Indigenous Australians might be cited as stark and compelling proof of this proposition. A massive welfare budget is recognition of the extent of Indigenous disadvantage, but even the most parochial think tank would question its effectiveness. In this context the words of Kirk Magleby (2013) resonate: "The development community should wean itself away from aid models in favour of genuine enterprise sustainability through pervasive local ownership." The proposition that "increasing Indigenous participation in enterprise development activity would provide widespread economic and social benefits for Indigenous communities" has wide support (Gunya Australia 2007, p. 3). To this end, there is an extensive range of government, industry, and community organizations offering specific enterprise support programs and services to Indigenous people—so much so that the government itself has recognized that "the sheer number and complexity of programs and services [is] often confusing and daunting to emerging Indigenous entrepreneurs" (Department of Employment and Workplace Relations 2006, p. 3).

Despite the "smorgasbord" (Department of Employment and Workplace Relations 2006) of support programs and services to encourage Indigenous business participation, successive governments, both state and federal, have "failed to engage Indigenous Australians in sustainable economic development" (Gunya Australia 2007, p. 3). There is a need to consider new models. It is against this complex milieu that franchising—albeit not in its familiar downtown Main Street guise—is proposed as an Indigenous enterprise development strategy worthy of serious consideration. While governments in developing countries encourage franchising as a vehicle for stimulating economic growth, there has been much less attention paid to franchising by governments in developed countries as a strategy which can be applied to foster entrepreneurship in Indigenous communities (Binh and Terry 2011).

This paper considers the role of franchising in Indigenous entrepreneurship—defined as "the creation, management and development of new ventures by Indigenous people for the benefit of Indigenous people" (Hindle and Landsdowne cited in Tapsell and Woods 2010). It begins with a brief analysis of the causes of Indigenous disadvantage and how they affect entrepreneurial activity before explaining the role business format franchising may play in ameliorating these

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[2]Indigenous land rights were not acknowledged until 1993 in the *Native Title Act 1993* (Cth) following the High Court's decision in *Mabo and Others v Queensland (No. 2)* (1992) 175 CLR 1 which rejected the fiction that inhabited land could be terra nullius. See Brennan (2003) and Tehan (2003).

conditions. It then considers various iterations on the traditional business format franchising formula and illustrates their use through a small case study and suggests that while franchising in any current or future iteration cannot alone solve the problem of Indigenous business disenfranchisement, it would be remarkable if it was not part of a solution.

2 The Indigenous Business Challenge

> For too long Australia has held back remote Indigenous people on the fringes of the economy, trapping them in a hopeless circle of poverty, with governments adopting a socialistic and "noble savage" approach. We must have the courage to treat remote Indigenous populations like other human beings who can—indeed must—play a role in Australia's economic future. (Mundine 2012)

2.1 Indigenous Australia

Australia's Indigenous inhabitants—acknowledged as having developed the world's oldest surviving culture (Behrendt 2012)—have lived across the full breadth of Australia's massive interior and along endless stretches of its vast coastline, forging successful modes of existence which saw their culture survive and thrive over a period of 60,000 years. However, since European settlement in 1788, Indigenous Australians have faced overwhelming difficulties which have impacted on their ability to flourish on land which has long played a definitive role in their existence. Successive Australian governments from both sides of the political spectrum can claim precious little success in effectively dealing with the challenges faced by Indigenous Australians living within, and alongside, modern Australia which is primarily westernized but increasingly "Asianized."

Indigenous Australia is characterized by massive diversity, with hundreds of languages and Indigenous nations. The variegated richness of Indigenous Australian cultures did not however make much of an impression on early English colonizers, and Australia was regarded at law as terra nullius—an unsettled land belonging to no one. This perspective, dictated by western conceptions of property and cultural practices, ignored Indigenous interaction with country (Behrendt 2012). Given the depth of Indigenous connections to traditional lands, colonization marked the first step in the debasement of Indigenous culture. The ability to practice ceremonies, manage their land, and feed and shelter their families was almost instantly taken from Indigenous peoples and social structures were "severely disrupted" (Behrendt 2012). The devastating impact of white settlement perhaps reached its nadir with the taking and forced assimilation of Indigenous children—the Stolen Generation—so they might grow up as "white" Australians (Haebich and Kinnane 2013).

2.2   Indigenous Disadvantage

The Indigenous population of Australia at the time of invasion and settlement in 1788 has been estimated to have been approximately one million (Evans 2007). At the date of the 2011 census, it was estimated that the resident Indigenous population was 669,900 or 3% of the Australian population (ABS 2011). Today, 32% of Australia's Indigenous population live in cities, while 43% and 25%, respectively, live in regional communities and remote areas (ABS 2011). Despite the fact that the majority of Indigenous people live within, or in close proximity to, modern westernized Australia, living standards of Indigenous Australians fall well below those of other Australians. Indigenous Australians exhibit the poorest levels of health of all Australians, with life expectancy rates between Indigenous and non-Indigenous males and females differing by as much as 11 years on average (Australian Institute of Health and Welfare 2011). Despite strong recent improvements, Indigenous education is also in what might only be described as a woeful state, with completion rates for schooling nearly half that of non-Indigenous students (Australian Institute of Health and Welfare 2011). Unemployment rates are higher among Indigenous than non-Indigenous Australians. They are much more likely to be employed in low-skilled occupations such as laboring and trades (78% versus 60%) and twice as likely to work part time (75% versus 39%) than non-Indigenous Australians (Behrendt 2012). This is also reflected in self-employment rates with only 6% of Indigenous Australians (versus 17% of non-Indigenous Australians) being self-employed in their own businesses (Behrendt 2012). The apparent lack of grassroots training through which to familiarize a cultural group largely unfamiliar with western business modes or adequately support those who are keen to become entrepreneurs in the formative stages of business generation with preparatory training (Henley 2007) can perpetuate an all too vicious cycle:

> All the socioeconomic factors that affect the lives of so many Indigenous people—poor health, literacy and numeracy, housing, education and income—create a cycle of poverty poor health, which can be exacerbated by poor-quality housing and overcrowding, affects the ability to engage in education and employment. (Behrendt 2012, p. 357)

It has been argued that "economic welfare programmes have created havoc in Indigenous societies" (Furneaux 2007, p. 134). As a result, an approach to the problem which is increasingly supported is the idea that many issues faced by Indigenous Australians could be and should be dealt with through their economic status—that rather than being placed on the drip feed of welfare, they should be assisted to start their own businesses. While expenditure on health and education programs is essential, Indigenous leaders have argued that "the vast majority [of funding] should be going into lifting our economic status, getting us into enterprise development, getting us skin in the gam" (Robinson 2012, quoting Warren Mundine). A former head of a government Indigenous agency eloquently explained over two decades ago why economic empowerment is necessary:

[W]e need to find a way out of welfare dependency. We need to find replacements for the traditional economic activities of the past . . . our young people are growing in number and they will need something productive and meaningful . . . we need to be participants, rather than bystanders . . . we need to develop Indigenous businesses and entrepreneurs. (Furneaux and Brown (2008) citing Mr Gatjil Djerrkura)

Given the failure of government policy to gain real traction in the quest for equality of opportunity for non-Indigenous Australians, it is important to understand whether the rhetoric of economic empowerment is realistic and, if so, how such a strategy might work.

2.3 Indigenous Business

Given that the traditional Indigenous conception of business activity was, and still largely is, completely different to that underpinning westernized modes—with the collectivist, cooperative nature of the former folding in the face of the predominantly individualized latter—it is no real surprise that it has taken time for first Australians to respond to the change in circumstances confronting them and the cultural values they have held sacred for 60,000 years (Taylor and Wilson 2012; Tiessen 1997). Given the absence of many of the prerequisites required for successful participation in the modern Australian economy (including education and health), Indigenous business (with the exception of Indigenous-led mining services companies in western Australia) has not been able to systematically break through social disadvantage as it may have been able to in Indigenous cultures in other countries which have a similar basis to Westernized modes. Hunter (2014) nevertheless provides encouraging recent evidence that the number of Indigenous self-employed—the largest component of Indigenous entrepreneurship—has almost tripled from 4600 to 12,500 based on the last ABS data.

When compared with non-Indigenous entrepreneurs and business people, Indigenous business aspirants face significant hurdles in any attempt to participate in the economy as anything other than a paid worker (which itself can be a struggle for reasons of entrenched disadvantage). An Indigenous entrepreneur faces challenges over and above those faced by non-Indigenous entrepreneurs. Factors critical to success in starting a business include education, financial literacy, and access to finance. Given the history and treatment of Indigenous peoples in this country, these factors are in short supply (Foley 2010; Furneaux and Brown 2008). Relatively limited exposure to western markets and business owners makes it difficult for many Indigenous people to begin to understand how such businesses work. The fact that very few Indigenous Australians have family members who have started their own businesses and therefore lack close networks of business role models (Schaper 1999; Fuller et al. 2002) prevents familiarity with, and no doubt interest in, starting one's own business (Fairchild 2010). With the education levels of those surrounding budding entrepreneurs playing a role in an entrepreneur's success (Millan et al. 2014), poor education standards constitute a double blow (Toft-Kehler et al. 2014).

Indeed traditional cultural practices around household capital management and obligatory sharing mean that what many might consider basic financial management skills is not so much nonexistent but rather not applicable in many Indigenous communities. None of this bodes well for access to financial capital in modern markets, with low intergenerational transmission of wealth due to Native Title laws and cultural practices around them (Furneaux 2007; Schaper 1999) and potential prejudice, or at the very least the perception of a lack of cultural sensitivity, from financial institutions working against the ready availability of capital necessary to begin and continue operating a small business (Schaper 1999).

A report by the Australian Taxation Office (ATO 2009) on Indigenous business owners in Australia recognizes that "unique" challenges face traditional Australians considering opening a business including business relationship constraints and a lack of business networks and cultural considerations:

> Indigenous business people walk into a world of prejudice and stereotypes which is so out of whack with the notion of Aboriginal people being successful entrepreneurs... They had to walk into a world which is replete with stereotypes that created all sorts of problems for the business itself: in terms of its relationship with suppliers ... credibility within marketing and gaining a profile within their industry sector, it's very difficult. (ATO 2009)

This makes it harder to develop strong business networks which might provide basic financial, informational, and advisory support to the business. While migrant communities are apparently able to provide such support to each other, first Australians with the education, skill sets, and capital to assist others in their communities in a way useful for participating in a modern economy are in short supply. There are also a limited number of qualified Indigenous accountants, lawyers, and other professional business advisers that managers rely on for "culturally sensitive advice" (Schaper 1999).

Instead, the networks that are available are premised on different cultural values—including obligatory sharing and gift giving. What would have been a rational economic practice for thousands of years might actually work against Indigenous entrepreneurs trying to make it in a westernized system operating on a different set of assumptions. This has come to be referred to by Indigenous communities as "humbugging" whereby those first Australians who have attempted to engage with western economic systems are continually harassed by members of the family and extended family for what they have made. This has given rise to the practice of Indigenous people opening multiple bank accounts, one with the majority of their earnings and another with a portion of it which they can direct humbuggers to. This potential lack of reciprocal support from the immediate local community can affect the establishment and successful continued operation of small regional or rural Indigenous enterprises (Millan et al. 2014).

Given the effect that social networks can have on the success of a small business, the impact of features of Indigenous culture noted above on the social capital of Indigenous business aspirants cannot be underestimated (Foley 2010). Indeed, elements of Indigenous culture that might be of assistance to the Indigenous entrepreneur are fading under the dominating influence of western business models.

While myriad programs exist for Indigenous peoples, many of which are designed to facilitate business and entrepreneurial ventures, the level of Indigenous participation in the economy at this level raises serious questions as to their efficacy. Relatively little research has been conducted that addresses questions such as the appropriate scale and types of businesses most likely to have some chance of commercial success within Indigenous communities in Australia (Fuller et al. 2002, p. 2), and there appears no real evidence that any change has occurred which might draw more first Australians into the economy on acceptable terms.

3 A Franchising Strategy for Indigenous Entrepreneurship

Franchising is an "increasingly popular form of economic organisation providing an alternative means of expanding an existing business or an alternative means of entering an industry" (House of Representatives Standing Committee on Industry, Science and Technology 1997, pp. 3.4–5). It is a method of business operation which has revolutionized the distribution of goods and services in virtually all industry sectors and has transformed the business landscape of most countries. Because a franchisor provides a franchisee with not only a proven business concept and system but also with training and ongoing support in relation to all operational and managerial aspects of the business, it is a particularly effective strategy in encouraging micro, small, and medium enterprise (MSME) development in developing countries. The franchisee gains from access to established business systems, networks, developed products or services, economies of scale, training, operational and management advice, group advertising, and, as a result, lower risk. The appeal of franchising for a franchisee lies, in the words of Australia's *Opportunity not Opportunism* report, in "the potential benefits of being able to conduct the business under an established brand name using tested operational systems" (Parliamentary Joint Committee on Corporations and Financial Services 2008), and it is this characteristic which makes franchising an effective strategy for MSME development. The advantages may be significant for Indigenous business start-ups in which role models and networking are particularly lacking. Foley (2005, p. 230) argues that

> Networking is an almost essential attribute. It enables the participants to develop and make use of relationships and in so doing provide increased opportunities to build credibility, a positive image and customer access. Networking provides role models, industry advice, the sharing of experiences and access to suppliers and customers. Networking enhances the Indigenous entrepreneurs' ability to succeed and survive.

Franchising of course enshrines networking as a basic ingredient.

Despite the proven credentials of franchising as a business development strategy, it would be naïve to suggest that its success in empowering minority groups and disadvantaged sectors of developed countries, as well as in promoting MSME development in developing countries, transfers seamlessly to Australia's Indigenous peoples. The entrenched disadvantage of Indigenous communities including

their extreme remoteness and massive cultural diversity requires solutions more creative than Main Street concepts. Franchising is, however, a very adaptive business strategy. Its capacity for reinventing itself is a matter of record (Terry and Di Lernia 2013). Indeed its continual adaptation to accommodate changing circumstances and market conditions is a major factor in its increasing influence throughout the world.

The original model has been through many iterations. The franchising relationship is based on a prescribed business model developed by the franchisor and carried out under the franchisor's guidance and oversight by franchisees who are granted the right to trade under the franchisor's brand and using its system. But the manner in which the franchise model is implemented is nevertheless capable of infinite variation. Franchising is not a business in itself but is a method of doing business—an innovative and dynamic method of distributing goods and services. It encompasses a wide variety of different practices that are used in different ways and, with varying degrees of sophistication, in virtually all industry sectors. It is an essentially practical strategy, which, in the words of Martin Mendelsohn, "did not derive from one moment of inventiveness by an imaginative individual [but from] the solutions developed by businesses in response to the problems with which they were confronted in their business operations" (Mendelsohn 2004, p. 7). It is franchising's capacity for adaptation and innovation which drives its relentless development, and it is this quality which offers the opportunities for its role in contributing to Indigenous business development.

Franchising's success as a business strategy is a result of the manner in which it harnesses the key business drivers—systems, management, technology, marketing, networks, and brands—in combination with the franchisee's proprietorship and the franchisor's training and ongoing support. But, despite its impressive credentials, franchising is not a universal or inevitable solution to the challenge of small business empowerment. While franchising relationships can be built at different levels of sophistication to accommodate practical commercial and cultural realities, the challenges of Indigenous entrepreneurship and business development, particularly in remote communities, may require solutions that are far removed from a traditional franchise model. While franchising—and its iterations including social franchising, microfranchising, tandem franchising, community franchising, quasi-franchising, and freedom franchising models—may be applied in the Indigenous space, the solutions are likely to be variegated and owe more to practical demands than theoretical constraints.

One important theme underlying several of these permutations of the franchise formula is the potential for collective activity and the involvement of communities in the financing, establishment, and continued operation of any particular business. Given the potential reticence to immediately switch to individualized forms of social and economic metabolism, the potential for any such social tweak to the franchising equation (to potentially control for the excesses observed in everyday capitalist franchising) may assist in the "imagining and enacting [of] alternative futures for economic life beyond [current modes]" (Williams and Nadin 2013, p. 565); it might be franchising principles rather than franchising itself that will

provide the most effective solutions at least in the short to medium term in this space. What is surprising is that franchising and franchising principles have received so little attention in government policy surrounding the economic development of Indigenous Australia.

4 Facilitating Indigenous Entrepreneurship Through Conventional and Nonconventional Franchising

While conventional franchising may be a bridge too far for Indigenous business development in a remote community, in an urban environment, conventional franchising techniques may be more effectively employed (Lofstrom et al. 2014). Public and private sector strategies to encourage Indigenous business participation through franchising can undoubtedly be better employed.

At the private sector level, a range of admirable and worthwhile initiatives are developing among socially aware franchisors. As social responsibility becomes more prominent, franchise systems—in common with the wider business community—are developing strategies to give back to the local community. Many franchise systems donate leftover product to the disadvantaged, including the Indigenous disadvantaged in local communities, and the provision of services on a pro bono basis is not uncommon. However, there are lesser known initiatives relating to the development of franchising programs specifically targeted at minorities. While individual systems may provide financial assistance to assist minorities to acquire franchises, institute diversity awareness, and training programs and have a minority employee recruitment policy, the developments are ad hoc.

At the public level, a "smorgasbord" of support programs and services to encourage business participation exists. It is nevertheless the unfortunate reality that the efforts of successive governments both state and federal have "failed to engage Indigenous Australians in sustainable business development" (Gunya Australia 2007). Franchising is not a particular focus of such programs, but it is among the mix. The Victorian Aboriginal Economic Development Group (2010, p. 38) appears forward-looking in its approach, stating that:

> . . . there are also business models that offer a more supportive and accessible way to business ownership such as franchises and joint ventures. Employees working in a franchise have the opportunity to lease and/or purchase a business. Ongoing support is then provided to ensure long-term business success. Targeted promotion and support by Government and franchisors should be provided to enable more Aboriginal people to operate a franchised business . . . [and that] tailored support is needed to give more Aboriginal people access to commercial finance and business services, and to encourage more franchises and joint ventures involving Aboriginal Victorians.

The report noted types of support of particular benefit to Indigenous groups: a finance broker to determine appropriate finance (including microfinance); business planning, accredited business training, and mentoring; a loan underwritten by the government in conjunction with accredited business training if required; entry into

a business incubator; social investment funds for community enterprises; accredited business training and planning; and ongoing business mentoring and post-establishment support. The report recommended that the government provide "targeted support to assist Aboriginal employees to lease and/or buy franchises including awareness raising, business preparation, an underwritten loan, accredited business training, and ongoing mentoring" (Victorian Government 2014).

The most comprehensive example of a government using franchising as a deliberate policy for the economic employment of a disadvantaged sector is that of Malaysia where franchising is a key government economic strategy to increase indigenous bumiputra participation in business otherwise foreclosed by a combination of cultural and commercial factors. Opening the Franchise International Malaysia conference in August 2000, the Deputy Prime Minister commented that:

> Franchising is one mode of entrepreneurship that can help us achieve higher standards not only in the goods and services offered, but also in upgrading effective management systems and skills. This will enable organisations to respond to competitive pressures accordingly. The level of bumiputra participation in the retail sector is still on the low side. The government intends to increase bumiputra participation in the retail sector through franchising. Franchising ensures immediate entry, the learning period is shortened and the rate of success is enhanced. Franchising can also be used as an instrument to enable the transfer of technology from systems developed elsewhere. We will be able to benefit from such transfer. (Badawi 2000)

The lead agency in the franchise sector in Malaysia is Perbadanan Nasional Berhad (PNS), an agency of the Ministry of Domestic Trade, Cooperatives and Consumerism which has the mandate to lead the development of Malaysia's franchise industry. It provides financial support to the franchising sector through loans and investments in addition to providing a range of educational, consulting, and entrepreneurial services. PNS is an active participant in the developing Malaysian franchising sector and offers lessons for government and other countries seeking to encourage the economic empowerment of disadvantaged communities (Harif et al. 2011).

Despite these initiatives in relation to conventional franchising, it is suggested that several innovative and relatively new nonconventional franchising models may be more appropriate to the Indigenous Australian context. It has been uncontroversially suggested that

> the concept and theory of entrepreneurship through the development of micro and small enterprises is likely to be particularly relevant to the achievement of economic development of Indigenous communities. (Fuller et al. 2002)

Novel and innovative applications of the traditional franchise concept offer real opportunities for Indigenous business development.

Tandem franchising is a strategy to facilitate franchised business operations by franchisees from disadvantaged backgrounds through funding and mentoring programs (du Toit 2007). It is a form of "cooperative entrepreneurship" (Hoy and Shane 1996) designed to empower individuals to acquire a minority stake in the business, which increases over time while he or she works alongside, and is mentored by, an experienced operator. It is a strategy that has been used as part

of the South African government's *Black Economic Empowerment Policy* and may offer an opportunity for Australia's Indigenous population.

Microfranchising—franchising on a small scale—is another important strategy in this context. As with conventional franchising, microfranchising is built on replicable business systems, but with scaled down business concepts and low entry costs. Microfranchising is frequently associated with microfinancing which has a proven track record in empowerment for those geographically or socially excluded from mainstream economic activity.[3] Microfranchising constitutes an important tool for small business in the developing world and is potentially a very effective strategy for Indigenous business development and entrepreneurship through its focus on fostering economic self-reliance.

Social franchising, usually associated with microfranchising, involves the application of franchise technologies to achieve social rather than strict commercial goals. A form of social franchising may even be implemented simply as "a distribution model for social services or products and services that pursue social goals" (du Toit 2004) within a particular regional community. Interest in social franchising is gaining momentum around the world as nongovernmental organizations, mostly operating as not-for-profit organizations and social aid programs, consider franchising as a mechanism to deliver services and products with social goals particularly in relation to health services and may also provide options for the encouragement of Indigenous economic empowerment.

Community franchising—a form of franchising based on the Bendigo Community Bank model where the community rather than an individual is the franchisee—may also be particularly effective in the context of Indigenous communities: "sharing resources within Indigenous communities is more than an economic investment—it is also a social investment [which] acts as a form of socialism through the redistribution of wealth throughout the community" (Furneaux 2007, p. 134).

Freedom, or *flexible*, *franchising* is an emerging form of franchising under which a franchisor grants a greater level of autonomy to its franchisees. There is increasing recognition that even in traditional business format franchising, while the core brand components such as brand name, logo, and essential product features should be as consistent as possible across the network, peripheral attributes can be modified (Terry and Di Lernia 2013). At a conservative level, freedom franchising allows for service personalization providing "an effective opportunity for chains to adapt to local customer needs without jeopardizing brand integrity" (Streed and Cliquet 2008). A more radical freedom franchising model grants greater autonomy to franchisees and allows them to harness their entrepreneurial initiative to develop new customization options. While brand and system integrity is critical in business format franchising, the extent to which franchisors can tolerate departure from

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[3]Opportunity International Australia, for example, provided two million families, primarily farmers of small-scale crops or livestock in India, Indonesia, the Philippines, China, and Ghana, with loans averaging A\$150 in 2012. The vast majority (97%) of the loans were repaid on time.

prescribed standards without concept infringement is a developing issue driven by practical commercial considerations. While there is undoubted potential for freedom franchising in the Main Street context, it would not be surprising if it was most fruitfully deployed in the Indigenous business context and, in particular, in regional and remote communities.

Quasi-franchising is a more extreme iteration where back-of-house functions in the form of tried, tested, and proven systems and procedures not directly visible to the consumer are replicated without front-of-house features represented by the brand and visible manifestations of brand architecture (Terry and Di Lernia 2013). Particularly in regional and remote communities, brand and brand architecture in the form of look and feel are unrealistic and unnecessary expectations. The provision of comprehensive back-of-house systems is nevertheless an inevitable and essential prerequisite for business operation, and a form of quasi-franchising which accommodates such practical realities is a commercial strategy with real potential, not only in the franchising of essential services in Indigenous communities but also in the franchising of Indigenous businesses in areas such as ecotourism, bush tucker restaurants, and bush holiday resorts to other Indigenous communities.

5 A Variegated Cooperative Model

Given the complex cultural constellations which surround Indigenous peoples' thinking about starting a business, any business model or business support plan must take local conditions and cultural practices into account. Practical imperatives must trump distribution theory. While sophisticated business format franchising may prove too rigid to be viable at this point in time, especially in remote communities, there are interesting and important initiatives through which services are provided in remote communities, not through franchising as such but through a mixed model adaptation of the traditional model.

Indigenous people assert that "they themselves should be given the key role in finding solutions to the problems that affect their communities" (Behrendt 2012, p. 356). One unique example of Indigenous peoples doing so successfully, and in the absence of direct government support, is the Arnhem Land Progress Aboriginal Corporation (ALPA). Established in 1972 and headquartered in Darwin, ALPA is an Indigenous-owned organization turning over approximately $75 million per year through its branded company-owned and managed unbranded community retail stores. Its mission is to strive to enhance the social and economic development of its members, giving primacy to their cultural heritage, dignity, and desire for equality with their fellow Australians (ALPA 2014).

Originally established with help from the Methodist Overseas Mission as a cooperative of community stores in seven remote Arnhem Land communities of the Yolŋu people, ALPA currently exists as a corporation with its own board of directors. While the board is constituted by Indigenous peoples, senior management charged with responsibility for day-to-day management of the organization is

predominantly constituted by Balanda, the Yolŋu word for non-Yolŋu people. Communication between Balanda and Yolŋu is facilitated by an independent interpreter who provides explanations of issues of import facing the organization using relevant language and concepts from traditional Aboriginal economic and legal parallels (ALPA 2014). Senior management is predominantly Balanda because they can provide the necessary skills and experience: "They work for us. They answer to us. They share our commitment and our vision for a successful Yolŋu enterprise" (ALPA 2014). Store managers in remote areas themselves are also Balanda. While this makes sense given the sheer numbers of Balanda who have the necessary supermarket management experience compared with Yolŋu peoples, it might be asked why Yolŋu do not yet fulfill this role. Demonstrating its attunement to local needs (given its board of directors is representative of member communities, this is not a surprise), ALPA has stated that although it is able to impart necessary skills through its training arm, it is unable to provide the necessary cultural authority in situations where "and family obligations create enormous pressure for our Indigenous managers" (ALPA 2014).

Of particular interest in the consideration of appropriate business models for Indigenous communities, especially in remote settings, is ALPA's "consultancy" stores, which are operated on a management contract model. ALPA was originally constituted by seven member communities, with two stores opting to leave the group in the 1980s. These stores promptly returned as ALPA managed stores when they were unable to operate successfully and financial viability became a concern. These and several other community stores—ALPA now runs 12 stores in addition to its 5 ALPA-owned and branded stores—invite comparisons to the back-of-house and management contract options discussed above. Importantly, ALPA does not seek to become involved with any community unless that community wishes ALPA to do so, and even then ALPA, having acknowledged the need for local participation in the store, states "it is a prerequisite of ALPA managing a store that the community wants to have active participation in the operation of their store at all levels" (ALPA 2014, *Indigenous Employment*). This includes training services, provided by a business incorporated in 2011 Australian Retail Training which offers training services and expertise to stores outside the group.

ALPA has also established Australian Retail Consultants (ARC) which provides "cost effective access to more than four decades of stable and continuous remote retail expertise [and] offers a flexible service model with experienced professional personnel in retail, finance, governance support and consulting services" (Australian Retail 2014). Recognizing a need in the late 1990s for expertise in the management of community-owned stores across remote Indigenous communities, ARC was established to offer tailored business support.

In providing such services, ALPA does not seek to lock communities in for any specified period and only works in communities it is invited to. Culturally and community-sensitive, the retail consultancy business given birth by ALPA's success in running its own stores provides "relief management, on-the-job training and a health and nutrition focus for community stores. When ARC assists a store, it liaises with the client representatives to ensure their input is valued, and that their

requirements and expectations are met" (Australian Retail 2014). In addition to retail services, ARC also provides purely back office services necessary for the operation of community stores, including bookkeeping, payroll, stocktake, performance reviews, budgeting, accounting, and finance service provisions tailored to the literacy and numeracy competencies of its clientele. ARC can offer support behind the scenes in a way other providers either would or could not, because margins might be too slight for the investment involved or because of a lack of local knowledge. Local knowledge and its own networks through the operations of ALPA also assist ARC to provide support around product range decisions, including nutritionally balanced product ranges, and deal with logistical realities of remote areas. There is very little left for the community organization to do other than provide a store and local community members interested in becoming employees.

The arrangement is a practical and innovative form of unbranded quasi-franchising drawing on both back-of-house franchising and management contracts. It differs from the former in that the back-of-house services provided by the ARC are implemented by ARC's in-house team. It differs from the latter in that the ARC team operates on a management consultancy basis rather from assuming complete operational proprietorship. A move away from management contract type arrangements to back-of-house franchising arrangements with the local community managing the store itself with back-of-house systems and consulting services provided by ARC is not inconceivable.

As ALPA's success demonstrates, the particular model which is chosen requires tight tailoring to local exigencies if it is to work. ALPA appears to have borrowed elements from several of the options discussed earlier in this paper and stitched them into a coherent yet variegated model which is best suited to the circumstances it faces. Adaptation to local conditions is the key. Given its self-sufficiency as compared with other businesses (Outback Stores 2014), ALPA's preference for real world as opposed to strictly textbook-based solutions is both admirable and, in view of their performance, effective.

6   Conclusion

It may be thought ironic that, in the words of Kirk Magleby, "fast food restaurant chains, icons of profligate western consumer culture, epitomize a business model that may be a key solution to the daunting challenge of global poverty" (Magleby 2005, p. 2). It is nevertheless not surprising that franchise models have a significant role to play in reducing global poverty through empowering minority business. While franchising developed to assist enterprises achieves economies of scale through countering management and commercial and financial limitations, there is nothing inherent in the model which prevents its application to different settings and to the achievement of different goals. In the real world, as Henriques and Herr (2007, p. 52) observe, "each franchise system like every business enterprise is a

unique response to the particular entrepreneurial opportunity it seeks to fill and to the particular environment in which it operates." What is important is that the precise goals of the use of any such variation are clearly set to enable a more realistic assessment of the efficacy of any such program overall and of course that these goals are appropriately contextualized, for as cautioned by Blackburn and Ram (2006, p. 83), "business ownership should not be regarded as a simple and convenient vehicle for the social inclusion of ethnic minorities." Franchising provides a supportive environment and an effective platform for social and economic development. It would be surprising if franchising—albeit in a different guise to that practiced in Main Street—is not a significant force in the development of viable strategies for the economic empowerment of first Australians.

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