



Indigenous employment in the Indigenous business sector

Kerry Bodle¹, Christian Eva², Dennis Foley³, Jessica Harris⁴, Boyd Hunter⁵ (¹ Assoc/Prof, Griffith University; ^{2,3,4,5} Respectively PhD candidate; Professor & Visiting Fellow; Research Assistant; and Emeritus Professor at the Centre for Social Research and Methods, ANU).

This brief is part of Supply Nation's research activities within its Knowledge Hub – supporting the growth and long-term viability of the Indigenous business sector.

1. Introduction

The findings summarised in this Research and Policy Brief form part of a wider research project examining why Indigenous-owned businesses hire a much larger proportion of Indigenous employees compared to non-Indigenous-owned businesses. While Indigenous-owned businesses may provide a more conducive work environment for Indigenous employees because of the nature of the services they provide, cultural knowledge and safety, it is also important to ensure that non-Indigenous-owned businesses foster an Indigenous friendly environment in the workplace. The wider research will analyse the economic, social, and institutional factors that make Indigenous businesses conducive to Indigenous workers to ensure the ongoing facilitation of Indigenous economic self-determination. Articulating a deeper understanding of how Indigenous businesses define 'success' will help inform policy on how to best support the growth of the Indigenous business sector and encourage Indigenous employment in similar non-Indigenous businesses. Previous analyses of Indigenous business were limited by small sample size. This paper presents the preliminary findings on the extent of Indigenous employment among over 3,000 Indigenous businesses registered and certified with Supply Nation.

Research has demonstrated an increase in the number of Indigenous-owned businesses in recent years.¹⁻³ In Australia, an 'Indigenous business' is understood for statistical purposes as a business that has at least 50% Aboriginal and / or Torres Strait Islander ownership.³⁻⁵ While there is conceptual debate about definitions,⁶ Indigenous-owned businesses in Australia and other former colonial countries, are important for the economic self-determination of Indigenous people, the utilisation of Indigenous knowledge, community development, and providing increased employment opportunities for Indigenous people.⁷⁻¹⁴ Indigenous businesses in Australia are 40 to 100 times more likely to employ Indigenous employees than non-Indigenous businesses and organisations.¹⁴ Furthermore, there are several barriers in employment for Indigenous people¹⁵⁻¹⁶ as well as negative experiences of employment in non-Indigenous businesses, including racism, cultural exclusion, tokenism, pigeon-holing,



discrimination, unconscious bias, lack of promotion opportunities and a lack of cultural safety in the workplace.¹⁷⁻

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Economic self-determination requires that economic opportunities be fully available to Indigenous people within the labour market and the broader Australian economy. Indigenous workers need access to work that is compatible with their aspirations, so it is important for policy to maximise the opportunity for employment in Indigenous-friendly workplaces.

2. Findings

This section provides some preliminary findings from the analysis of Indigenous-owned businesses registered and certified with Supply Nation. Table 1 provides a summary that shows the proportion of Indigenous employees (referred to as the proportional Indigenous employment rate) decreases as the size of the business increases. Excluding not-for-profit organisations, for example, the proportional Indigenous employment rate decreases from 58% to 38% for Indigenous businesses with more than 20 employees. This is nevertheless a significantly higher proportional Indigenous employment rate compared to the 3-5% targets aspired to and being adopted by some non-Indigenous businesses.

Table 1 Indigenous employment by business size and type in Supply Nation Indigenous businesses

	All Businesses	Single Employee Businesses	2-19 Employees	20+ Employees	Not-for-Profit (NFP)	For-Profit
Number of Businesses	3,327	1,018	1,992	302	226	3,092
Average Total Employees	11.39	1	4.85	90.87	25.54	10.37
Average no. FTE Indigenous Employees	4.08	.97	2.54	25.12	15	3.28
Average % of Indigenous Employees	68.4%	97.2%	58.2%	38.3%	71.8%	68.1%

*NFP includes businesses that identified as being registered as a NFP or an 'Aboriginal Corporation'. While not all Aboriginal Corporations operate on a strict non-profit basis, they have different business structures compared to for-profit businesses. The mean employment size of NFP was 36.7 employees compared to 20.1 for Aboriginal Corporations.



Table 2 shows the top 10 industries Supply Nation Indigenous business operate in and includes data for- profit (split into two size categories) and not-for-profit status. It also suggests a different dynamic at play between the for-profit and not-for-profit sector in terms of industry type and the proportion of Indigenous employees. Except for Construction, Education and Training, Facilities Management, Consulting and Recruitment and Administrative Services, the nature of industry sectors within which not-for-profit Indigenous organisations operate are different to those within the for-profit sector. The top industry sector for not-for-profit Indigenous organisations is Community and Social Services, which is potentially more likely to incorporate Indigenous knowledge within the community services and benefits provided thus explaining the higher proportional Indigenous employment rate. This industry sector is also more closely aligned with the public sector and is more likely to be further removed from commercial market activities.

Table 2 Top 10 Industries in the Indigenous business sector by status and size

Rank	For-Profit 2-19 Employees	For-Profit 20+ Employees	Not-for-Profit
1.	Construction	Construction	Community and Social Services
2.	Facilities Management	Facilities Management	Education and Training
3.	Education and Training	Recruitment and Administrative Services	Arts and Entertainment
4.	Consulting	Consulting	Construction
5.	Recruitment and Administrative Services	Vehicle Hire	Environmental Services
6.	Manufacturing and Equipment Hire	Agriculture, Forestry and Fishing	Facilities Management
7.	IT, Telecoms and Digital	IT, Telecoms and Digital	Agriculture, Forestry and Fishing
8.	Food and Hospitality	Mining	Consulting
9.	Retail and Domestic Goods and Services	Security and Safety	Health Care
10.	Electronics and Electrical Services	Manufacturing and Equipment Hire	Recruitment and Administrative Services

Note: Some industry sectors were equal in ranking but were listed in descending order for presentation purpose. Industries ranked 6 to 9 in the larger for-profit category, for example, had equal numbers of Indigenous businesses within them. Industries ranked 4 and 5 and 8 to 10 in the not-for-profit sector category also had an equal number of Indigenous businesses within them respectively.



Figure 1 shows the change in the proportional Indigenous employment rate by revenue. Not-for-profit Indigenous businesses consistently maintain the highest proportional Indigenous employment rate across all annual revenue categories. This may be due to the nature of the work these organisations perform with perhaps some requiring Indigenous staff to conduct certain services. Given that only 226 (or just under 7%) are registered as not-for-profit, out of Supply Nation’s 3,327 Indigenous businesses, not-for-profits are unlikely to create a bias for the entire sample in terms of the overall proportional Indigenous employment rate.

Similar to the findings for employment size (Table 1), Figure 1 also shows that the proportional Indigenous employment rate decreases as revenue increases. This suggests Indigenous businesses find it more difficult to maintain high rates of Indigenous employment as they grow in terms of revenue and number of employees. This may be due to a limited number of potential Indigenous workers in the local labour market. This constraint on labour supply may be more apparent in businesses as they grow larger as they need to compete for available workers, while businesses with fewer employees are able to maintain a higher proportion of Indigenous staff. Even businesses with revenue over \$10 million have a proportional Indigenous employment rate at or above 30% (almost a third of a businesses’ workforce), which is ten times the estimate of the Indigenous proportion of the population (3%) as a whole.

Figure 1 The proportional Indigenous employment rate by revenue of Indigenous business

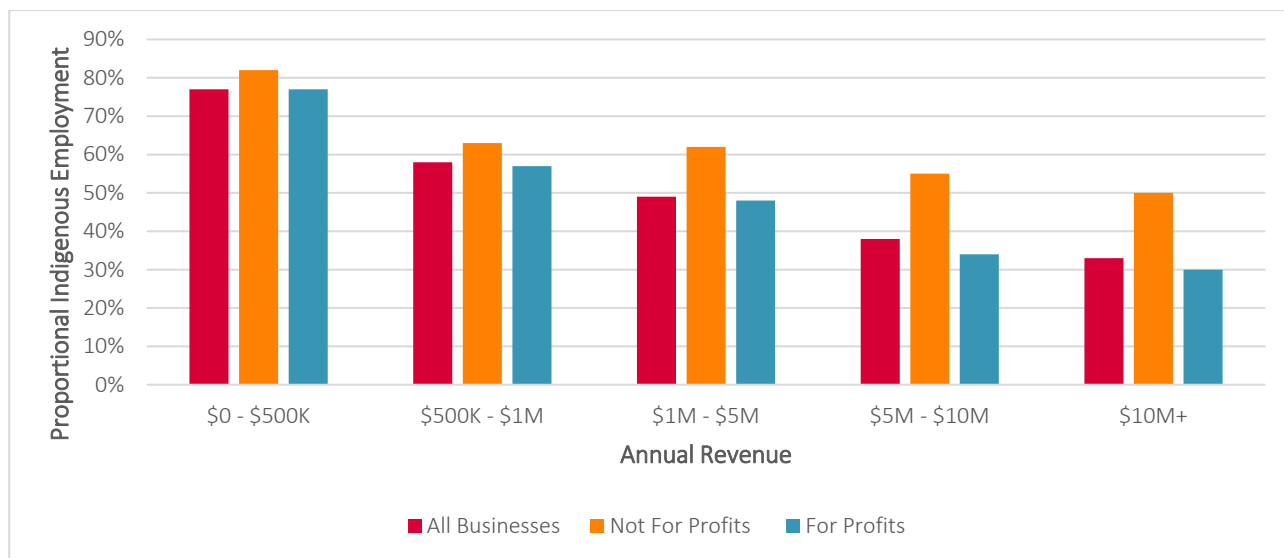
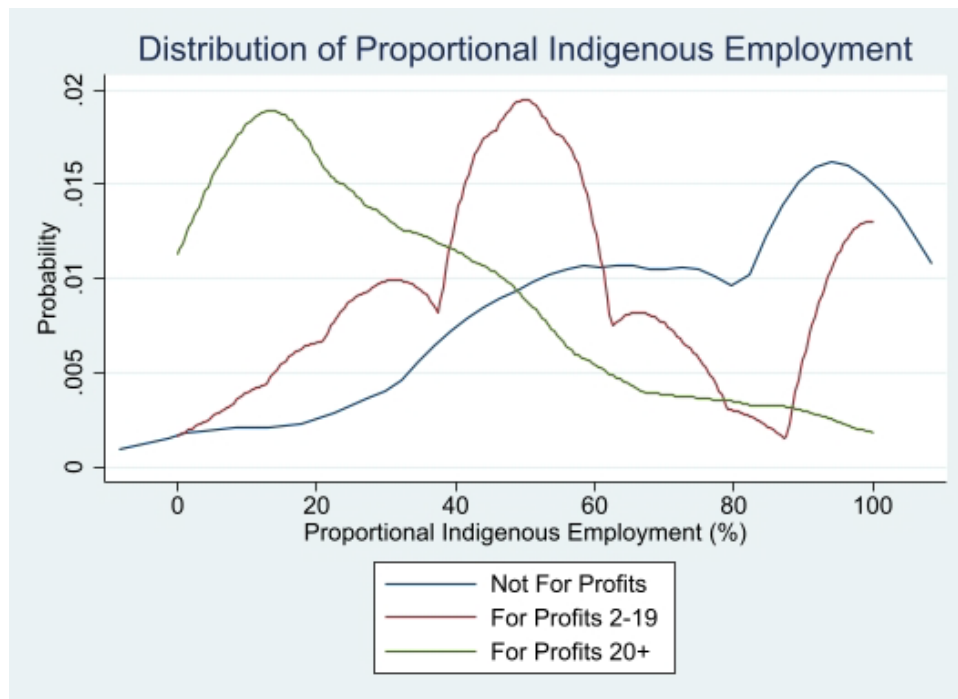


Figure 2 provides another way to analyse the extent of Indigenous employment within each of the three sub-categories of Indigenous businesses in Table 2. The horizontal axis shows the proportional Indigenous employment rate of Indigenous businesses within each category. The vertical axis shows the probability for businesses in that sub-category maintaining a certain level of proportional Indigenous employment. Spikes in the



line indicate where a larger number of Indigenous businesses maintain a certain level of proportional Indigenous employment (where it is at its greatest frequency). Drops in the line indicate where businesses are less likely to maintain that level of proportional Indigenous employment.

Figure 2: Distributions of the proportion of employees who are Indigenous by profit status and business size



Note: Indigenous businesses with only 1 employee were removed so as not to skew the results as by definition they have 100% proportional Indigenous employment.

Figure 2 highlights that the three sub-categories of Indigenous businesses have different distributions of proportional Indigenous employment. As noted previously, not-for-profit organisations (the blue line) have a higher average of proportional Indigenous employment compared to all for-profit organisations, with Figure 2 showing that this is due to the large distribution of businesses with an almost 100% proportional Indigenous employment rate. This suggests that not-for-profit Indigenous organisations may require a higher proportional Indigenous workforce due to the nature of the work they provide, or the knowledge required to perform their services.

In contrast, businesses with more than 20 employees (the green line) demonstrate the opposite distribution to that of the not-for-profit organisations, showing the highest spike at the 20% range of proportional Indigenous employment before tapering off. This may be illustrative of the labour supply constraints for Indigenous employment mentioned previously, which limit the potential for larger businesses to hire Indigenous workers.



These Indigenous businesses may also not require an Indigenous specific approach to the goods or services provided by their employees.

3. Conclusion and next steps

Indigenous businesses provide a good example of Indigenous friendly workplaces. The analysis of Supply Nation data provides some insights into the proportional Indigenous employment rate among Indigenous businesses of different size, status and industry sectors. These preliminary findings include:

- The proportional Indigenous employment rate is significantly higher among not-for-profit Indigenous businesses.
- These not-for-profit Indigenous organisations are more likely to operate in the Community and Social Services sector where the incorporation of Indigenous knowledge may be critical to the services and benefits provided, thus potentially explaining the higher proportional Indigenous employment rate.
- The proportional Indigenous employment rate decreases as the revenue of Indigenous businesses increases, suggesting that Indigenous businesses may find it more difficult to maintain higher rates of Indigenous employment as they grow. This difficulty may be due to a limited number of potential Indigenous workers in the local labour market or that they may not require an Indigenous specific approach to the goods or services they provide.
- Even larger Indigenous businesses (revenue over \$10 million) have a proportional Indigenous employment rate at or above 30% - ten times the estimate of the Indigenous proportion of the population (3%) as a whole.

The larger research project of which these findings form part will offer unique and valuable insights with practical applications for the Indigenous business sector and for Indigenous employment policy nationwide. The research will inform the dynamics of the Indigenous business sector as well as identify the successful elements of Indigenous employment, creating an opportunity to better inform public and private sector Indigenous business and employment policy.



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