Native American Cultural Capital and Business Strategy: The Culture-of-Origin Effect

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In the emerging body of literature on American Indian economies, there is a growing recognition of entrepreneurship as a path to tribal sovereignty. Much research focuses upon tribes’ economic development activities and the need for cultural match, rather than the contributions of individual tribal citizens acting as entrepreneurs.\(^1\) While some research focuses on historical patterns of intertribal and individual entrepreneurial activity, other scholars focus on more current patterns of entrepreneurial growth.\(^2\) In addition, interest is developing in business education suitable for the American Indian community.\(^3\) Yet little attention seems to be paid in the academic literature to the specific tactics and strategies used by Native American entrepreneurs. In this commentary, we discuss one such tactic: using tribal culture as a marketing tool. Identifying the mechanism by which tribal culture attains value in the marketplace contributes to our knowledge of American Indian culture. Specifically, we build on

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research in economics, sociology, and ethics to introduce into the literature the “culture-of-origin effect,” a term that reflects the strategic use of tribal culture as a way to increase the value of goods originating from American Indian entrepreneurs.

By highlighting both the practical and ethical implications of the culture-of-origin effect, we attempt to integrate the currently disparate fields of business strategy, ethics, and American Indian studies in order to build common ground for future interdisciplinary studies. But before we can discuss the interface between business strategy and culture, we must first identify a few central concepts of business strategy. In the following sections we briefly discuss the following mainstream business concepts: (1) distinct competence, (2) capabilities and resources, and (3) capital, including cultural capital.

(1) Distinct Competence. Typically, business strategists emphasize the importance of organizations developing a “distinct competence,” generally defined as a firm-specific strength that allows an organization to survive rigorous competition for resources within its market.4 Thus an organization should be able to identify why consumers or other important stakeholders would be willing to give that organization resources instead of to the many other organizations vying for the same resources. In American Indian communities, such stakeholders include the government agencies funding economic and social programs.

A distinct competence allows a firm to compete by one of two general strategies: “cost leadership” or “differentiation.”5 Cost leadership means competing by having a lower cost of production, while differentiation is a strategy based on uniqueness. A differentiator survives market competition by (a) providing a service or good that is so unique that there is no viable alternative for consumers, and/or (b) using its uniqueness as a selling point that allows the organization to charge a premium price, thus increasing profit margins. Many small niche companies use differentiation strategy to sell their unique goods. It is this strategy that is most relevant for our discussion on the strategy of Native American businesses. In sum, organizations use their firm-specific strengths, or distinct competencies, to either lower their cost structures or to offer unique, differentiated products and services. Thus it is essential to identify the source of these strengths.

(2) Capabilities and Resources. Distinct competencies derive from either “capabilities” or “resources.” Capabilities are valuable skill sets. For example, luxury automobile producers often tout their unique engineering skills, which allow them to design automobiles that perform better than others. American Indian artists use their unique skills in indigenous craftsmanship as capabilities to create original works of art that cannot be found elsewhere. While capabilities are thought of as synonymous with skills, resources should be thought of
as assets. Specifically, resources are unique assets that increase the value of an organization’s goods or services.

(3) Capital and Cultural Capital. To better understand resources, it is helpful to think of resources as differing forms of capital. All organizations need multiple forms of capital to succeed. In economics, capital is a durable asset that can be used to produce other goods or services. Beside durable goods, there is obviously a need for economic, or financial, capital. Other forms of capital are also valuable. Marxist economics includes labor as a form of capital—people invest their time and energy to produce goods and services. Among labor, there is also human capital, defined as the knowledge we bring to an organization. Another form of capital is social capital, which is the value embedded in relationships that the organization and/or its employees possess. For instance, highly networked individuals are said to possess a high degree of social capital, or cachet, since they can leverage their social networks for valuable information. Another distinct and valuable asset is cultural capital.

Popularized by French sociologist Pierre Bourdieu, cultural capital is the power derived from one’s understanding of a given culture. Individuals who possess knowledge about the cultural norms and beliefs that are valuable within a given social system are able to attain high status and prestige by enacting those norms and beliefs. Bourdieu’s discussion of cultural capital focuses on the value of cultural knowledge to individuals within a given social system. Cultural knowledge is also valuable to those outside a given social system if such knowledge is treated as a capital good and is embodied within goods or services that are valuable to the outsiders. As such, these “cultural goods” can become a source of economic gain. Bourdieu’s description of cultural capital focuses on using cultural knowledge as a resource to equilibrate power within social relationships. According to Bourdieu, cultural capital “allows its possessor to appropriate the mechanisms of the dominant culture.”

The dominant culture in this case is high society.

Alvin W. Gouldner extends the use of cultural capital as a strategic resource in business relationships. He defines cultural capital as “any produced object used to make salable utilities, thus providing its possessor with incomes, or claims to incomes defined as legitimate because of their imputed contribution to economic productivity.” It is important to point out that Gouldner emphasizes capital being used to create income for those who possess it. So, while Bourdieu uses cultural capital to negotiate social justice, Gouldner sees cultural capital as a tangible good that can be used in production or service. These two distinctions are not always independent; Gouldner refines the definition of capital as “a produced object whose public goal is increased economic productivity but whose latent function is to increase the incomes and social control of those possessing it.”

Martin and Szelényi further refine
an integrated description of cultural capital as a mastery of practices performed “in culturally acceptable ways.”

For the purposes of this paper, we adopt Gouldner’s economic approach for cultural capital, since this best fits our discussion about the utilization of cultural capital by American Indian entrepreneurs. However, before we discuss the mechanism by which culture is transmitted into financial profit, we need to examine culture itself, especially its relevance for American Indians.

**Native American Culture as Praxis**

In 2013, the US government’s Bureau of Indian Affairs recognized 566 Native American tribes. The federal Government Accounting Office estimates that there may be as many as four hundred non-federally recognized tribes. Locations of all of these tribes extend from coast to coast, the borders with Mexico and Canada, and throughout Alaska. Tribes throughout this vast area possess unique cultures, and it is important and necessary to recognize that variety when exploring business management. Before we move into a conversation about culture, it is helpful to briefly present relevant scholarly formulations of what culture is and how it functions.

Social scientists often define culture as a system of shared values and beliefs that define appropriate behavior within a group. In economics, Manley A. Begay Jr., Stephen Cornell, Miriam Jorgensen, and Joseph P. Kalt define culture as encompassing three realms: cognitive, behavioral, and material. They also explain, “that these are related should be clear: for example, what people value and how they understand the world around them affects what they do and informs their material products.”

The sociologist Zygmunt Bauman presents three ways to understand what culture means: as a concept, as structure, and as praxis. As a concept, culture is viewed in three ways. The social hierarchical view defines culture as a character trait; a person can be cultured or a boor, well- or ill-mannered. The differential view sees culture as a way to distinguish between groups of people. The generic view uses culture as a way to unify a group of people through common characteristics. As a structure, culture comprises discursive interactions that bring order to complex understandings about the world. Culture as praxis extends discourse into agential activities that define order. Culture as praxis provides a way to interpret cultural capital by offering a platform from which to view individual understanding about a particular culture. Culture as praxis orders the elements within that culture. Those living within a particular culture are in the best position to order and understand its elements, and they are able to see the most valuable elements making up cultural capital.
When looking at the relationship between cultural capital and Native American culture, it makes sense to see culture as more than simple differentiation. It is necessary to see it as praxis, whereby complex cultural elements are subject to differentiated interpretations. Among American Indian entrepreneurs, there are perceptions that within some Native American communities, egalitarian collective values discourage private entrepreneurial activities. Yet despite these perceptions, there are American Indian entrepreneurs who integrate culturally based philosophical values within their business practices, recognizing that those values are integral to the way they conduct business and that being Native and being entrepreneurs are not separate. Although some tribal communities may see entrepreneurship outside of collective ideals, others have programs to encourage entrepreneurship. In addition, some entrepreneurs see their work as both tangible and intangible contributions to their communities. As tangible contributions, entrepreneurs describe the injection of wealth and delivery of goods. Intangible contributions include role modeling and demonstrating the good that comes from practicing entrepreneurship with respect for tribal values and philosophies.

A noticeable attribute across a number of American Indian communities is collectivism; more than a mere sense of belonging, collectivism here means that individuals are not only members of a community, they are responsible to contribute to their community. Community is a common philosophical value that exists in many American Indian tribes, a value recognized by some Native American entrepreneurs who use it to prescribe business philosophies, especially how businesses contribute community service and how competition should be viewed and treated, and who owns and has the right to use a collective tribal culture as a strategic resource. We will next look at Native American culture as a strategic resource, discussing not only cultural capital and the culture-of-origin effect, but also ethical considerations about this strategy.

The Culture-of-Origin Effect

One underexplored aspect about American Indian culture is its use as a strategic resource, especially as a form of cultural capital. We ask if culture affects outsiders’ perceptions of the value of goods and services offered by people or organizations from within the culture. We suggest that the answer is yes, based on our knowledge of country-of-origin effects, a marketing concept which refers to country-specific cognitive associations that shape consumer perceptions of a product. Country-specific associations are seen to play an important role when introducing new products in unknown or foreign markets. In other words, country-specific reputations associated with product features such as
design, manufacture, quality, innovativeness, workmanship, or assembly, affect consumer perceptions. As an example, if United States consumers perceive German engineering to be of superior quality, then products engineered in Germany will be perceived as being of higher quality than products from other countries.

While strong brands and products originating from countries with positive country images have been seen to have positive associations with consumers, brands originating from countries with negative country images have been seen to have negative associations with consumers. It has also been observed that this country-of-origin effect comes into play when consumers have little or no actual country-related brand information. As such, consumer perceptions of the originating country can play an important role on the success of products in new markets. Understanding the country-of-origin effect can help business owners in expanding their portfolio of products, as well as in understanding the best fit of country-specific capabilities for producing specific products. For example, if a country is well known for its artistry, then products requiring an artistic design will be a good fit.

In the context of this paper, the country-of-origin effect can help us understand how potential consumers in a market for Native American products will perceive those products and how Native businesses can strategically offer goods and services that enhance these perceptions. Although John Story and Sergio W. Carvalho and colleagues discuss the perceptions of consumer goods by using political/geographic borders as the boundary between producer and consumer, we believe that the same arguments hold true by using cultural boundaries. In essence, country-of-origin effects can be seen as “culture-of-origin” effects if consumers’ perceptions of products are affected by cultural-specific connotations and associations. Specifically, we suggest that consumer perceptions of Native American culture affect the viability of Native American-branded goods and services in the marketplace. That is, American Indian businesses can use American Indian culture as a commercial resource; or, in other words, Native American identity becomes a source of cultural capital that businesses can leverage to market and sell their goods or services.

The selling of indigenous-branded goods to non-indigenous cultures is not a new practice. As the present-day Americas were settled, tribes commonly learned to barter with settlers. For example, Navajo turquoise jewelry was valued as a status symbol by Spaniards, who traded with southwestern tribes to acquire turquoise jewelry to take back to Spain. Modern-day powwows are often accompanied by vendors who are eager to sell their indigenous crafts to an audience of curious outsiders. Moreover, the indigenous branding of goods as “Made in Native America” is revealing its value in the market for non-artistic goods. To consider a case in point, a
company that produces skin and hair products, Sister Sky, is based on the Spokane Indian Reservation in eastern Washington State. Sister Sky uses its knowledge of traditional herbal medicine to produce products that it then proceeds to market as a cultural good. Sister Sky does not sell cultural knowledge itself, but sells goods that are deemed valuable because they are produced using traditional methods.

According to Sister Sky founder Marina Turningrobe, a member of the Spokane Tribe of Indians, “Sister Sky products are inspired by Native American herbal wisdom. Our unique formulas contain nature’s own healing herbs from the Earth. We tell the plant tradition stories on each product in a way that promotes cultural sharing.” As such, Sister Sky is using a culture-of-origin strategy to its advantage. By capitalizing on demand from mainstream society for indigenous culture, Sister Sky is able to increase its sales by promoting its products as authentic extensions of American Indian culture. By explicitly stating that its core value is “creating products that embrace the beauty of indigenous cultures for the purpose of cultural sharing,” Sister Sky is using indigenous culture as a core element of its business strategy.

**Ethical Considerations**

However, culture-of-origin effect strategies carry complex ethical implications. In order to examine the ethical considerations, it is necessary first to understand that western conceptions of business are beholden to a free market ideology that defines and constrains knowledge of what is ethical. This ideology supports the commodification and commercialization of knowledge, including cultural knowledge. It should also be noted that a free-market ideology is, at best, morally neutral. Thus, it becomes necessary to ask what ethical worldview might temper the use of culture-of-origin as a business strategy? It is only fitting to consider traditional American Indian values and ethics in making this determination. Herein, there is a tension between free-market values that favor economic accumulation and private wealth, and traditional American Indian values of generosity, redistribution of wealth to benefit the community, and cultural integrity.

This raises a philosophical question: to whom does culture belong? There is a wide diversity of American Indian ethical frameworks and very little academic literature to provide guidance. It is important to note that with 566 federally recognized tribes and many others that are not recognized, no one answer can suffice. It is fairly safe to say that non-Indians exploiting American Indian culture for profit would be considered to be unethical. Moreover, for
subsidence artists who sell their wares in order to survive, culture-of-origin strategy is a necessity that would likely be supported by tribal values. The more difficult case is when culture is used to sell products for excess personal profits that extend beyond an individual's basic needs and which do not benefit the greater tribal community. This would be a normal business situation outside of Indian country and would generally not invite the same ethical scrutiny when, for example, a person of Irish descent opens a gift shop specializing in Irish goods. But it could pose particularly difficult ethical questions if the business-person is generally assimilated into dominant culture and is simply accessing his or her Indian heritage as a means to profit. Having no cultural place in the community, this person likely would be an outsider usurping culture.

Anderson and Smith suggest that cultural integrity requires that economic development activities must be guided by tribal codes of values, rather than allowing economic development to become assimilation into a capitalist economic system. This is, in part, due to the underlying view that we are all related, not just to other human beings but also to the natural world, a world that is alive. Moreover, as Vine Deloria explains, morality means finding a proper road upon which to walk through life: “In the moral universe, all activities, events, and entities are related, and consequently it does not matter what kind of existence an entity enjoys, for the responsibility is always there for it to participate in the continuing creation of reality.”

What reality is created when a person uses the culture-of-origin effect as strategy? It depends upon the aspect of culture that is accessed. It would be perfectly appropriate to conduct business in accordance with American Indian values. American Indian values such as the Seven Grandfather teachings followed by the Potawatomi and Ojibwe peoples are intended to state what is a good way to be in all aspects of life. There are seven interrelated and interdependent values that are considered gifts from spiritual beings: wisdom, bravery, respect, honesty, humility, love (care), and truth (integrity). Yet, usurping the story of the Seven Grandfather teachings for profit would be problematic. Providing medicine to others would be appropriate, although doing so for profit might be suspect. Art, in the form of ceremonial implements, is again a question as it draws objects from a spiritual purpose to a non-spiritual usage. This commentary can only acknowledge these tensions and recommend that Native American entrepreneurs approach the culture-of-origin strategy with respect for their tribes’ traditions and values.
IMPLICATIONS AND FUTURE RESEARCH

By identifying the culture-of-origin concept, this article makes a significant contribution to the field of American Indian studies. Although this business strategy is relatively simple, the underlying principle of strategically using Native American culture capital as a marketing resource by Native American entrepreneurs is complex. We have shown that the strategy can be discussed from multiple academic viewpoints, including economics, sociology, and ethics.

In addition to these disciplines, we believe that there are also important legal ramifications. In his seminal book on reservation capitalism, Robert J. Miller argues that the evolution of property rights has played a significant role in shaping current-day American Indian economies. Miller argues that individual property rights, once common amongst Native Americans and their tribes, were largely misrepresented or completely ignored by the US government as it encroached on aboriginal territories. Thus, one interpretation of US federal policy during that era is that policymakers conveniently labeled the indigenous inhabitants as “collectivists” in order to make the taking of indigenous property more palatable. Such a policy has surely had a long-term impact on the evolution of tribal economies, regardless of the validity of the collectivist label itself.

In this commentary, we further convolute the notion of tribal property by inserting the notion of cultural capital. If culture is a form of capital, who owns this capital? Does it belong to the tribe or the tribal member? If culture is a property of the group, who owns the rights to exploit the culture for economic gain? We note that tribal businesses that return profits to the community would likely be considered ethical to the extent that the tribe’s cultural capital is not sold or licensed to outsiders, and when the business itself does not conflict with the culture, but how to resolve a cultural conflict raises additional questions. We believe that these are critical questions that should become the foundation for important future research.

CONCLUSION

It may be that there are no answers to the above questions. Regardless, we believe that this commentary stimulates the discussion by providing a label to the practice of indigenous cultural exploitation. By introducing the concept of culture-of-origin, this article facilitates the conversation regarding the interaction between Native American culture and modern commerce.

The stakes could not be higher. Scholars from disparate fields such as economics and law have recognized that future tribal sovereignty will depend on the willingness and ability of Native Americans to increase their rate of
entrepreneurial activity. Business schools have begun to pay more attention to the training of indigenous entrepreneurs. However, before entrepreneurship can attain legitimacy within the American Indian community, there needs to be movement toward resolution around important issues such as the cultural acceptance of individual entrepreneurs and the appropriateness of selling cultural-based goods to non-Native Americans.

By highlighting the ethical tension that arises when collective identity becomes a source of individual gain, we hope that this commentary brings these issues out into the open. Our intent is not to place judgment on the culture-of-origin effect, but rather to insert it into our vocabulary for use in future multidisciplinary discussions of American Indian culture and economic growth. If the American Indian community is to decrease its dependence on the US federal government for subsistence, governmental economic activity must be replaced with something else. We contend that individual entrepreneurs can fill this void, but it will take some work to resolve the cultural quandaries that are deeply embedded in the current economic and social systems.

NOTES


9. Ibid., 22.


23. Ibid, 1311.


28. For more information, see website: www.sistersky.com.


34. Deloria Jr., *Spirit and Reason*, 47.


