

# Indigenous land rights, entrepreneurship, and economic development in Canada: “Opting-in” to the global economy

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## Abstract

Indigenous people are struggling to reassert their nationhood within the post-colonial states in which they find themselves. Claims to their traditional lands and the right to use the resources of these lands are central to their drive to nationhood. Traditional lands are the ‘place’ of the nation and are inseparable from the people, their culture, and their identity as a nation. Traditional lands and resources are the foundation upon which indigenous people intend to rebuild the economies of their nations and so improve the socioeconomic circumstance of their people—individuals, families, communities, and nations. This paper explores business development activities that flow from the later aspect of indigenous land rights in a Canadian context, suggesting that the process is a particular and important instance of social entrepreneurship.

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## 1. Introduction

There are various types of entrepreneurs identified in the literature and these are usually divided into groups that share an adjective in common; for example, nascent, novice, serial, and so on. Woo, Cooper, and Dunkelberg (1991) developed and interpreted entrepreneurship typologies. More recently, there has been discussion about social entrepreneurs. Mort, Weerawardena, and Carnegie (2003) define social entrepreneurship, as “the

entrepreneurship leading to the establishment of new social enterprises and the continued innovation in existing ones” (p. 76). These authors conceptualize social entrepreneurship as a multidimensional construct involving the expression of virtuous behavior in order to achieve a social mission, a coherent unity of purpose and action in the face of moral complexity, the ability to recognize social value-creating opportunities and decision-making characteristics of innovativeness, proactiveness, and risk-taking. Similarly, Pearce (2003) distinguishes social enterprise from other forms by emphasizing the following: social purpose is the principal driver of activity, with organizational sustainability as a core objective; social purpose is achieved primarily through entrepreneurship; there is little if any distribution of profit to individuals, as any surplus is reinvested for the long-term benefit of the community; constituents are democratically involved; and there is

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accountability. Borzaga and Defourny (2001) emphasize that social enterprise includes the creation of jobs and the strengthening of social capital by supporting the integration of marginal people into society at large. It is our contention that the development activities of indigenous people in Canada and elsewhere are entirely consistent with the definitions above and are therefore a particular and important instance of social entrepreneurship.

We begin our exploration of indigenous development as social entrepreneurship by discussing the importance and context of indigenous development globally and in Canada in particular. This is followed by a discussion of development theory and an assessment of the theoretical feasibility of the Aboriginal approach to development, which we contend is grounded on a foundation of social entrepreneurship. This is followed by three case studies, researched by our team using secondary research as well as interviews and triangulation (Patton, 1990).

These case studies provide powerful evidence of the importance of entrepreneurship—the identification of opportunities and the creation of enterprises to exploit these opportunities—in the Aboriginal economic development process. Especially evident are the prevalence of community ownership and the acknowledgment of the importance of long-term profitability and growth of businesses created, not as an end but as the means to an end. And it is these ends that make their activities social entrepreneurship. Some of these ends included the creation of employment with characteristics that ‘fit’ the interest, capabilities, and preferred lifestyles of community members; control of traditional lands and activities on these lands; and the creation of wealth to fund education, health and wellness, housing, and other social programs.

## 2. Context of the research

Over the years, once self-reliant and socially cohesive indigenous communities have suffered greatly as the result of colonial expansion bringing with it shifting economic forces, encroaching population centers, and acculturation. This is an often-told story. What receives less attention is the degree of community cohesion that remains and the desire among many indigenous people to rebuild their communities on a traditional and culturally grounded foundation (Anderson, 2002). As part of this process, indigenous people are struggling to have their rights to land and resources recognized. The following excerpt from 1993 Draft United Nations Declaration on the Rights of Indigenous

Peoples captures a sense of this agenda and, in particular, the relationship between land and ‘means of subsistence and development’:

### Article 21

Indigenous peoples have the right to maintain and develop their political, economic and social systems, to be secure in the enjoyment of their own means of subsistence and development, and to engage freely in all their traditional and other economic activities. (ESCCCH Rights, 1993)

Land is important in two respects. First, traditional lands are the ‘place’ of the nation and are inseparable from the people, their culture, and their identity as a nation. Second, land and resources are the foundation upon which indigenous communities intend to rebuild the economies of their nations and so improve the socioeconomic circumstance of their people.

The current socioeconomic circumstances of the Aboriginal people in Canada are abysmal. According to 1991 census of Canada data, chosen because 1991 is the base year for certain projections made by the Royal Commission on Aboriginal People, unemployment among Aboriginal people stood at 24.6%, almost two and one-half times the national rate of 10.2%. As a result, 42% of Aboriginal people living on reserve received social welfare, as opposed to 8% of the Canadian population as a whole. Housing conditions tell a similar tale with 65% of on-reserve and 49% of off-reserve Aboriginal people living in substandard housing. Not surprisingly, poverty and poor living conditions have had an impact on the health of Aboriginal people. The incidence of tuberculosis is 17 times higher among Aboriginal people than non-Aboriginal people while the incidence of diabetes is three times higher and rising rapidly. The Aboriginal have a suicide rate two and one half times, a murder rate six times, and an incarceration rate five times higher than the respective rates for non-Aboriginal people.

According to the Royal Commission on Aboriginal People (RCAP, 1996), the Aboriginal population will rise by 52% (compared to 22% for non-Aboriginal Canadians) between 1991 and 2016. During the same period, the working age Aboriginal population will increase by 72%, compared to a 23% non-Aboriginal increase. The RCAP estimated that the total cost to the Canadian economy caused by the dismal socioeconomic circumstances of Aboriginal people in 1996 was \$7.5 billion, rising to \$11 billion by 2016 if the Aboriginal socioeconomic circumstances remain the same relative to the circumstances of non-Aboriginal Canadians.

Aboriginal people in Canada are, however, not standing idly by accepting the status quo. They are pursuing a strategy of economic development with social entrepreneurship at its core. They believe they can attain their socioeconomic objectives which include (i) greater control of activities on their traditional lands, (ii) self-determination and an end to dependency through economic self-sufficiency, (iii) the preservation and strengthening of traditional values and their application in economic development and business activities, and of course (iv) improved socioeconomic circumstance for individuals, families, and communities through social entrepreneurship. These outcomes are consistent with the description of social entrepreneurship in Section 1.

The realization of Aboriginal rights to lands and resources are recognized as being critical to building the capacity to undertake economic development and therefore to achieving these objectives. These rights represent a considerable ‘capital’ that Aboriginal people can bring to the economic bargaining table. Beyond their economic values, these rights give Aboriginal people real control over activities on traditional lands including the right to ‘veto’ resource development projects. The MacKenzie Valley Pipeline Inquiry and the Inuvialuit Agreement examined later in this paper illustrate both of these forces at work.

### 3. Theoretical perspectives

The desire of indigenous peoples to rebuild their communities raises two fundamental issues. First, can indigenous people participate in the expanding global economy with a degree of self-determination, and if so, how? The answer to the latter part of the question depends on the answer to the first, and the answer to the first depends on what we can learn from different perspectives on socio-economic development. For the purposes of this paper, we consider three broad perspectives: modernization theory, the radical perspectives represented by dependency theory, and the emerging contingent perspectives represented by regulation theory.

Two perspectives dominated Third World development studies since the end of the Second World. The first to dominate was the modernization perspective. According to this perspective, a particular people could follow the path to development previously trod by the now developed First World nations. The failure of the modernization-based development efforts in the 1950s and 1960s, particularly in Latin America, resulted in the emergence of a second view of development—the

dependency perspective. This perspective rejected the notion that underdeveloped nations could simply follow the path of the currently developed nations. Instead, the perspective holds that dependency and underdevelopment in the Third World are the outcome of the rise of the First World to its current state of development.

In their original forms, the modernization and dependency perspectives proposed competing and mutually exclusive causes and solutions for underdevelopment. Advocates of both perspectives have since moderated their positions when faced with real world situations which contradicted their respective expectations (So, 1990). In spite of these modifications, the expectations of the modernization and dependency perspectives remain irreconcilable one with the other and with many of the actual outcomes in developing regions. Because of this, a number of authors have rejected both the modernization and dependency perspectives and have proposed alternatives.

Typical of those who reject both the modernization and dependency perspectives, Stuart Corbridge (1989) says that:

The changing contours of global production are no more accessible to accounts of modernization theory and neoclassical economics than they are to MDS [Marxist development studies]: indeed, a metatheoretical commitment to the logic of diffusion or to freely functioning markets is even less fitted to the task than is a faith in the development of underdevelopment. (p. 624)

He suggests that there is a powerful trend “towards theories of capitalist development which emphasize contingency. . . . a new emphasis on human agency and the provisional and highly skilled task of reproducing social relations” (Corbridge, 1989, p. 633). Dunning says the following about this provisional and highly-skilled task “If we can ‘get it right’ (and getting it ‘right’ includes the right way to globalize) global capitalism, as it is now emerging, can help achieve many of the economic and social goals and aspirations which most people hold dear, better than any other alternative currently on offer. . . . If we get it right. If is clearly the critical word” (Dunning, 2003, p. 11). And, getting it right involves “incorporating the experience of other peoples, other perspectives and other cultures into the development discourse” (Tucker, 1999, p. 16). Development need not be as defined by the ‘developed world’ and the interaction between a particular people and the global economy need not be as envisaged by the modernization or dependency perspectives; it could be something else entirely. Why not the objectives and

outcomes sought by indigenous people—development as they define it?

Regulation theory is one of the new approaches to development that emphasizes contingency and human agency. It analyzes the global economy “in terms of a series of modes of development based on a combination of regimes of accumulation and modes of social regulation” (Hirst & Zeitlin, 1992, pp. 84–85). The regime of accumulation determines the general possibilities for the economy where “surplus is generated, appropriated, and redeployed” (Scott, 1988, p. 8).

If the world were Adam Smith’s, peopled by the universal perfectly rational economic man, no regulation of the global economy beyond the ‘invisible hand’ of perfectly functioning markets would be required. People are far from perfectly rational and they are driven by many not economic goals. Furthermore, they are far from universal in their variations from the ‘perfect’. As a result, Scott (1988) says that stability in the economic system is “dependent on the emergence of a further set of social relations that preserve it, for a time at least, from catastrophic internal collisions and breakdowns” (p. 9)—modes of social regulation. Hirst and Zeitlin (1992) agree suggesting that a mode of social regulation, “is a complex of institutions and norms which secure, at least for a certain period, the adjustment of individual agents and social groups to the over arching principle of the accumulation regime” (p. 85).

While regulation theory does not prescribe the exact nature of a particular mode of social regulation, it is generally agreed that: (i) a regime of accumulation does not create or require a particular mode of social regulation, “each regime, in short, may be regulated in a multiplicity of ways” (Scott, 1988, p. 9) and (ii) because modes of social regulation are based on such things as “habits and customs, social norms, enforceable laws and state forms” (Peck & Tickell, 1992, p. 349), unique modes “can exist at virtually any territorial level—local, regional, national, global” (Storper & Walker, 1989, p. 215).

Regulation theory indicates that the global economic system underwent four stages during the 20th century (Corbridge, 1989). The current stage is one of crisis caused by a failure of the monopolistic modes of social regulation to accommodate a “selective move from mass production [the Fordist regime of accumulation] to various forms of flexible production” (Norcliffe, 1994, p. 2). According to Goldman (1995), the flexible regime exhibits “a distinct set of relationships, interdependencies, and forms of interaction among suppliers, producers, distributors, and customers. It demands new

approaches to organizing, operating, and measuring the performance of both individual companies and clusters of cooperating companies” (p. 1). Dunning (2003) agrees saying

We are moving out of an age of hierarchical capitalism and into an age of alliance capitalism. This is placing a premium on the virtues needed for fruitful and sustainable coalitions and partnerships (be they within or among institutions), such as trust, reciprocity, and due diligence. (p. 24)

As a result of these features of the flexible regime of accumulation, there has been a shift in ‘who’ companies consider to be stakeholders and how they behave toward these groups. Nowhere is this truer than in the relationship between companies and the communities where their customers and employees live and where they conduct their activities. In spite of globalization, everything a company does it does somewhere, every employee and every customer lives somewhere and inputs of raw material and capital goods come from somewhere; and all these somewheres are located in communities of some sort. According to Amin and Malmberg (1994, p. 222) the emergence of the flexible regime of accumulation has resulted in “new opportunities for the location of economic activities” and that “the geography of post-Fordist production is said to be at once local and global”. Scott (1988, p. 108) agrees says that new industrial spaces result from a “very specific articulation of local social conditions with wider coordinates of capitalist development in general”. Finally, Dicken (1992, p. 307) emphasizes that successful participation in the global economic system “is created and sustained through a highly localized process” and that “economic structures, values, cultures, institutions and histories contribute profoundly to that success”. Companies forge networks of suppliers, subcontractors, and marketing channel partners and seeks to control them through “collective social and institutional order in place of hierarchical control” (Storper & Walker, 1989, p. 152). Companies are much more likely to see communities as valued members of networks as opposed something external to them. All this being true, the ‘new economy’ economy seems to suggest that participation by Aboriginal people in the global economy on their own terms may be possible.

We are not suggesting that regulation theory (and the other emerging contingent perspectives) prove either dependency or modernization wrong, only that what is anticipated by each are only two possible outcomes from among many. The outcome is contingent on many things, not the least of which is the approach taken to

participation in the global economy by the community in question.

These approaches can be hegemonic and counter-hegemonic according to the extent to which they consent to the capitalist global economy as it is, dissent from it, or attempt to transform aspects of it. Fig. 1 captures these possibilities by considering a group's response to the global economy on two continua. The horizontal axis illustrates the degree to which a group opts into the global economy, or opts out. The vertical axis addresses the nature of this opting in or opting out. Is the approach to accept the terms of the global economy 'as is', or is it to attempt to transform it in some fashion? A combination of the two continua results in four extreme possibilities. The first two (numbers 1 and 2) occur when a group chooses to opt out of the economy. At one extreme the opting out can be passive; that is choosing not to participate and instead seeking isolation and even protection from the impact of the global economy. Alternatively, the opting out can be active and aggressive where a group rejects the global economy and seeks to resist it or overthrow it through protest and even 'revolution'.

The other two extreme positions (numbers 3 and 4) occur when a group chooses to 'opt in' and actively participate in the global economy. Again that participation can be characterized further by the degree to which the group passively accommodates itself to the requirements of the global economy, or not. The approach chosen by Aboriginal people in Canada has been of the opt-in variety, but it has not been passive. Participation in the economy has been accompanied by an ongoing struggle for land and other rights to allow this participation to be 'on their own terms'. Indigenous responses elsewhere cover the entire spectrum of possibilities from rejection and violent revolution to passive acceptance and willing assimilation.

Aboriginal groups that choose to 'opt in' to the global economy are at the beginning of the process. To do so successfully, on their own terms or not, they must identify business opportunities and then marshal resources and develop organizations (often as part of a network with other Aboriginal and non-Aboriginal firms) to realize the potential that these opportunities have to satisfy their economic and other development objectives. This is the process of entrepreneurship. Not the entrepreneurship that is narrowly conceived of as a small business operated and/or a new business created by an entrepreneur, but the entrepreneurship that is broadly conceived of as an economy-building process—Schumpeterian entrepreneurship. Morris (1998) captures the nature of this process by stating,

“entrepreneurship is a universal construct that is applicable to any person, organization (private or public, large or small), or nation” and that “an entrepreneurial orientation is critical for the survival and growth of companies as well as the economic prosperity of nations” (p. 2). Similarly, Kao, Kao, and Kao (2002) define entrepreneurship as, “not just a way of conducting business; it is an ideology originating from basic human needs and desires ... entails discovering the new, while changing, adapting and preserving the best of the old” (p. 44).

The cases that follow illustrate this entrepreneurial process in action. And because of the nature of indigenous objectives and the structures created and approaches adopted in pursuit of these objectives, we contend that social entrepreneurship plays an important role on the 'opting-in' of Aboriginal people in these three instances and more generally.

#### 4. Indigenous land claims and economic development

Over the last 25 years of the 20th century, grudgingly and in fits and starts, the policy of the Canadian federal government has shifted from contesting indigenous claims to land, resources, and some form of 'nationhood', to negotiation. Accompanying this shift to negotiation there has been another fundamental change. Increasingly, the national government has come to view the settlement of Aboriginal claims less as a cost and more as a vehicle for improving Aboriginal socio-economic circumstances, a view long held by the indigenous people. Now entrepreneurship (dare we say social entrepreneurship) and business development, based on the capacity provided by settled claims, lie at the heart of both government policy and the development strategies of indigenous people in Canada.

The two events that triggered this change in government policy occurred in the 1970s. The first was the decision of the Supreme Court of Canada in the Calder case in 1973. The second was the Mackenzie Valley Pipeline Inquiry. In both, indigenous people successfully contested the actions of governments and businesses demanding that their Aboriginal right to land and resources be respected. The two are discussed in the following subsections.

##### 4.1. The Calder Decision

In its 1973 Calder Decision, the Supreme Court of Canada recognized that Canada's indigenous people have an ownership interest in the lands that they and

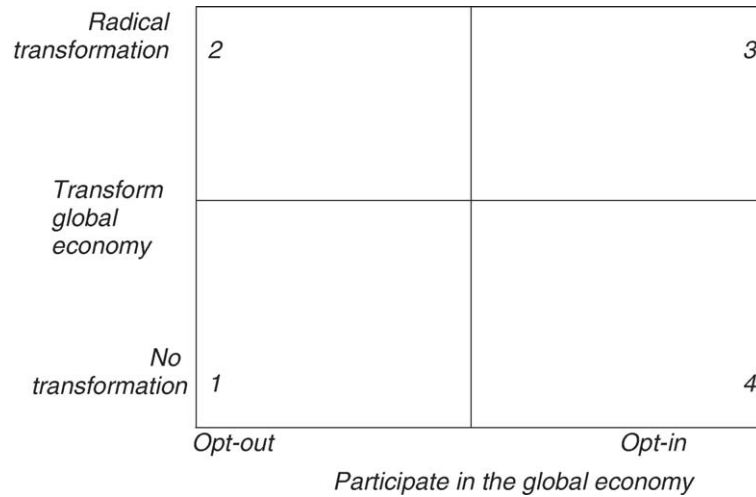


Fig. 1. Community responses to the global economy. Source: Anderson, Dianne, Robert, & Brain (2003).

their ancestors have traditionally occupied, and the resources that they have traditionally used. Further, the Court held that this right had not been extinguished unless it was specifically and knowingly surrendered. As a result, the federal government adopted a land claims policy “to exchange claims to undefined Aboriginal rights for a clearly defined package of rights and benefits set out in a settlement agreement” (DIAND, 1997). Since this decisions, there has since been a series of land claims agreements and treaties that have moved indigenous people in Canada a considerable distance toward their goal of control over their traditional lands and resources.

#### 4.2. The MacKenzie Valley Pipeline Inquiry

In 1974, a consortium of multinational oil companies (called Arctic Gas) made application to the Canadian government to build a pipeline to carry natural gas from the fields in the MacKenzie Delta and Prudhoe Bay in Alaska to markets in southern Canada and the United States. In March 1974, Justice Thomas Berger was appointed to head an inquiry established to consider issues surrounding the pipeline. The proponents of the pipeline espoused the modernization perspective on development. Their views were challenged by indigenous groups and others arguing from the dependency perspective.

Arctic Gas and other proponents of the pipeline argued from the modernization perspective that industrialization in northern Canada was “inevitable, desirable, and beneficial – the more the better” (Usher, 1993, p. 105). They did not deny that the process would have negative impacts on traditional indigenous society.

In fact, in their view development “required the breakdown and eventual replacement of whatever social forms had existed before” (Usher, 1993, p. 104). They agreed that the process would be painful for Aboriginal people but from it would emerge a higher standard of living and a better quality of life.

Indigenous groups challenged these views using the arguments of the dependency perspective. They agreed that the pipeline project would introduce “massive development with incalculable and irreversible effects like the settlement of the Prairies” (Usher, 1993, p. 106). Unlike the proponents, they did not feel that this was a desirable outcome. They argued from the dependency perspective that “this massive assault on the land base of Native northerners threatened their basic economic resources and the way of life that these resources sustained . . . when all the riches were taken out from under them by foreign companies, Native land and culture would have been destroyed and people left with nothing” (Usher, 1993, pp. 106–107).

Justice Berger’s report recommended a ten-year moratorium on pipeline construction in the MacKenzie Valley in order to strengthen indigenous society, the indigenous economy and to enable indigenous claims to be settled. In reaching this conclusion, he foreshadowed the contingent perspectives on development recognizing the unacceptable nature of the present approach whether the outcome resulted in modernization or dependency. His decision ushered in a new era in the relationship between indigenous people, governments in Canada and corporations that wished to develop resources on traditional indigenous lands. A key characteristic of this new era has been the emergence of business development, based on capacity provided by

land claim settlements, as an important aspect of the drive by Aboriginal people for self-reliance, self-government, and improved socioeconomic circumstances.

#### 4.3. Case 1: The Inuvialuit Final Agreement

The Inuvialuit Final Agreement was an outcome of the same forces and events that gave rise to the Calder Decision and the Berger Inquiry. In May 1977, the Committee of Original Peoples' Entitlement (COPE) submitted a formal comprehensive land claim on behalf of approximately 4500 Inuvialuit living in six western Arctic communities that lie in and around the mouth of the MacKenzie River. Negotiations between the Inuvialuit and the federal government culminated in the Inuvialuit Final Agreements (IFA) signed in May 1984. Under the terms of the agreement the Inuvialuit retained title to 91,000 km<sup>2</sup> of land. They also received \$45 million in cash compensation to be paid out over 13 years (1984–1997), wildlife harvesting and management rights, a \$7.5 million Social Development Fund (SDF) and a \$10 million Economic Enhancement Fund (EEF).

In 1984 the Inuvialuit Regional Corporation (IRC) “was formed to receive the lands and financial compensation obtained by the Inuvialuit” (ICG, 1998, p. 1). The corporation was given “the overall responsibility of managing the affairs of the settlement to achieve the objectives in the IFA” (ICG, 1997, p. 4). According to the introduction in the 1997 Annual Report of the Inuvialuit Corporate Group, “these objectives are to preserve the Inuvialuit culture, identity and values within a changing northern society; enable Inuvialuit to be equal and meaningful participants in the northern and national economy and society; and protect and preserve the Arctic wildlife, environment and biological productivity” (ICG, 1997, p. 4). Are the Inuvialuit succeeding?

Together the companies of the Inuvialuit Corporate Group made a considerable contribution to the Inuvialuit people in 2002 and the years preceding. Building on the foundation provided by the land rights and the \$62.5 million in cash received between 1984 and 1997 under the terms of the land claims agreement, the ICG ended 2002 with total assets of \$351 million up from \$349 million at the end of 2001. Liabilities were virtually unchanged at \$83.5 million. As a result, beneficiaries' equity rose from \$265.6 million to \$267.5 million. The ICG (including its business subsidiaries) earned a combined before tax profit of \$7.67 million in 2002 compared to a before tax loss of \$2.5 million in 2001.

The 2002 taxes were \$4 million and after tax profit \$3.67 million. The 2002 profit was earned on revenues of \$204 million. Revenues in 2001 were \$184 million.

In earning its 2002 profits (Table 1), the ICG almost \$15.1 million to Inuvialuit individuals, groups, and communities, at least \$5 million of which was paid to individuals and communities for non-business (i.e. social) purposes. This is a considerable increase over the already impressive \$14.7 million paid out in 2001 and \$11.6 million in 2000. In the case of the Inuvialuit, a just settlement of land claims has provided the capital for entrepreneurship and business development, and contributed to the rebuilding of the Inuvialuit ‘Nation’, by preserving the Inuvialuit culture, identity, and values within a changing northern society.

#### 4.4. Case 2: The Osoyoos Indian Band

The Osoyoos Indian Band (OIB) is located in British Columbia. It has 567 members, 370 of whom live ‘on reserve’ on a land-base of 32,000-acre in the southern Okanagan Valley. The land of the OIB is among the most environmentally sensitive in Canada, containing part of the country's only desert ecosystem. More than 60% of this unique ecosystem has been completely destroyed, and less than 10% remains relatively undisturbed, much of this on Osoyoos land. This ecosystem provides habitat for a third of Canada's endangered species. Half the vertebrates are considered at risk, as well as more than 100 rare plants and 300 rare invertebrates. Yet it is this land that is foundation for much of the OIB's wine/tourism-related economic development activity described in the following pages. As Stephen Hume says this seems to suggest

two colliding realities—the carefully manicured fields of industrial scale viticulture [a major component of the OIB's development activities]

Table 1  
Inuvialuit Corporate Group's contribution to communities and individuals

|                                 | 2002       | 2001       | 2000       |
|---------------------------------|------------|------------|------------|
| Wages and salaries (\$)         | 10,925,783 | 9,513,631  | 9,000,000  |
| Honoraria (\$)                  | 627,783    | 556,676    | 577,000    |
| Student financial support (\$)  | 307,858    | 282,794    | 197,000    |
| Payments to elders (\$)         | 456,500    | 454,000    | 368,000    |
| Dividends to beneficiaries (\$) | 1,312,800  | 2,702,007  | 568,000    |
| Community corporations (\$)     | 672,534    | 750,000    | 390,000    |
| Other payments (\$)             | 796,438    | 378,348    | 500,000    |
| Total (\$)                      | 15,099,696 | 14,637,456 | 11,600,000 |

Source: ICG (2003).

... and the dusty, disheveled sweep of prime rattlesnake habitat that hasn't changed since some Okanagan warriors rode south to fight the Americans on the side of Chief Joseph and the Nez Perce. (Hume, 2001)

To Clarence Louie, current Chief of the OIB, the appearance of colliding realities is deceiving. Instead, these seemingly disparate pieces are not only compatible they are complementary, so much so that one can't exist without the other. For Chief Louie, entrepreneurship and business development and the self-sufficiency it creates is the best way to secure the right of his people to be who they are, to take pride in their heritage and to protect the fragile desert landscape in which a good part of their cultural identity is forever rooted. The Nk'Mip Project is the product of this belief—development on their own terms in which control over traditional lands and resources plays a key role, as do traditional culture and values.

The OIB conducts its entrepreneurship business development through the Osoyoos Indian Band Development Corporation (OIBDC). The motto of the development corporation is 'working with business to preserve our past by strengthening our future'. The development objectives of the OIBDC are to (i) to increase the standard of living opportunity for every Osoyoos Indian Band Member, (ii) to decrease the dependency on government funding through increased level of self-generated income, joint ventures, leasing, land and resource development so that economically we can one day be self-sufficient, (iii) to develop programs that reduce dependency and create community involvement that brings back the traditional Indian concepts of honor, caring, sharing, and respect, and (iv) to increase the level of education in the following areas: academic, athletic, vocational, and cultural. Again clear evidence of social entrepreneurship.

Though the OIBDC owns and operates nine enterprises—a construction company, a sand and gravel company, a forestry company, a campground, a recreational vehicle park, a golf course, two housing developments and a grocery store. Building on the foundation provided these successful operations, the OIB's current activities and future plans center on a group of business activities together called the Nk'Mip Project. Included in this \$25 million project are (i) the recently opened winery, Nk'Mip Cellars, and associated vineyards, (ii) an already operating recreation vehicle park and campground, (iii) the \$5-million Nk'Mip Desert and Heritage Interpretive Center, currently operating out of temporary facilities but with the permanent building

under construction and due to open in 2006, (iv) a resort under construction, and (v) a second golf course opened in May 2004. The existing and proposed ventures will be located in close proximity on a 1200-acre parcel of band land that adjoins the town of Osoyoos and fronts on Osoyoos Lake.

The \$5-million Nk'Mip Desert and Heritage Interpretive Center is being developed to appeal to the growing market for cultural/eco tourism by educating visitors about 3000 years of Osoyoos band history and the unique nature of the community's desert environment. As part of the appeal to this target market, the center will preserve up to 1000 acres of the unique desert ecosystem. It will also work to restore habitat, and reintroduce to the area species at risk. Clearly social objectives that are beyond simple wealth-creating entrepreneurship. The center began operation in the temporary facility on June 13, 2002. In three months, the Nk'Mip Desert and Heritage Interpretive Center attracted 3865 visitors. In 2003, there were approximately 7000 visitors to the Center and 9000 in 2004. Projections are for 20,000 visitors in 2006 when the new building is open.

Nk'Mip Cellars, opened in September 2002, is North America's first Aboriginal winery, and the second in the world (a Maori-owned winery opened in New Zealand in 1998). The winery is the culmination of almost 35 years of Osoyoos Indian Band involvement in the wine industry. In 1968, the OIB planted its first vineyard. This venture has grown into the band-owned 230-acre Inkameep Vineyard, which provides high quality vinifera grapes to many of the wineries in the Okanagan valley and beyond. There are another 1000 acres of vineyard on Osoyoos land mostly owned in association with Vincor International Inc. By the end of 2003, almost 25% of the vineyard acreage in the Okanagan valley was on Osoyoos land.

The \$7-million project Nk'Mip Cellars project includes an 18,000 ft<sup>2</sup> winery and a 20-acre vineyard. The OIB owns 51% of the venture and Vincor the remaining 49%. Vincor provides expertise and the OIB the land and location. Vincor will be the managing partner in Nk'Mip for 10 years, after which it can sell its interest to the OIB. The business plan calls for the winery to turn a profit in three years.

Between September 13, 2002 (opening day) and December 31, 2002 (the off-season for tourism in the Okanagan Valley), Nk'Mip Cellars received 5642 visitors. During the 2003 season, the winery hosted more than 20,000 visitors. This increased to 34,000 visitors in 2004. In addition to its success in attracting visitors, Nk'Mip Cellars has won recognition for the

quality of its wines. In 2002, its pinot noir and chardonnay both won gold medals at the All Canadian Wine Championship in Ontario and at Vignobles Nationaux in Montreal. Its 2004, its 2002 merlot won a silver medal at an international competition at the Los Angeles County Fair (Matas, 2005).

So what of the impact of this business success? In 1994, the OIB had revenues from commercial activities of \$1.3 million. By 2002 revenues from its commercial activities had increased to \$12 million, an almost 10-fold increase. In 2003, the OIBDC businesses reported a profit of \$1,000,000. It is expected that these profits will grow by 20% per year (Matas, 2005). In 2004, The OIB devoted fully 60% the profit from its business venture to social programs, prompting Chief Clarence to say “if all the federal funding dried up, we could still run programs at the same level of service” (Matas, 2005, p. E7). According to source of income data from the 1986 and 2001 census, in 1986, employment income accounted for only 28.1% of total household income among members of the OIB. By 2001, this had increased to 44.5%. Further, between 1986 and 2001 the unemployment rate fell from 29.6% to 9.3%. Impressive gains through entrepreneurship, social entrepreneurship.

#### 4.5. Case 3: The Lac La Ronge First Nation

The Lac La Ronge Indian Band (LRIB) is located in the boreal forest 235 km north of the city of Prince Albert, Saskatchewan Canada. It has a land base of 43,250 ha. The 2003 population is of 7508, with 4492 living ‘on-reserve’ in one of the LRIB’s six communities. The largest of these communities is the La Ronge reserve located on the shores of Lac La Ronge adjacent to the northern community of La Ronge.

In an attempt to improve socioeconomic circumstances through economic development, the LRIB formed the Kitsaki Development Corporation (KDC) in 1981. From its creation, the KDC’s strategy has been to form “sound, secure partnerships with other Aboriginal groups and successful world-class businesses in order to generate revenue for Kitsaki and employment for Band members” (McKay, 2002, p. 3). In implementing this strategy,

Kitsaki seeks to create and manage a portfolio of active business investments rather than the individual companies. We try to obtain a majority interest in a business with a highly motivated entrepreneur or a strong corporate partner. We then work with that partner to maximize profits, employment, and training opportunities. (McKay, 2002, p. 1)

The Lac La Ronge Indian Band was facing a triple challenge in 1986: high unemployment, low labor force participation and rapid labor force growth. The LRIB unemployment rate was 32% compared to 10% for the neighboring non-indigenous community of La Ronge, while LRIB participation rate was 37% compared to 79% for La Ronge. As a result the band’s employment rate was 24% compared to 71% for La Ronge.

In 1986, the Kitsaki businesses earned revenues of \$5 million. By 1989, revenues increased to over \$10 million per year making KDC the third fastest growing company in the province of Saskatchewan. In 2001, the revenues of the Kitsaki Management Limited Partnership (KMLP), the successor to the KDC, totaled \$23.4 million, ranking it among the 100 largest Saskatchewan companies. At present, KMLP companies directly employ 500 people, over two-thirds of whom are Aboriginal.

Between 1986 and 2001, the Lac La Ronge Indian Band through the efforts of Kitsaki was able to do more than maintain the socioeconomic status quo. In spite of a 116% increase in the potential labor force and a 6.3% increase in participation rate, which together resulted in a 153% increase in the actual labor force, the LRIB unemployment rate fell by 2% and the employment rate increased by 5%. The number of LRIB people employed increased by 410. This is a considerable achievement, especially when compared to the figures for the community of La Ronge for the same period where the participation rate fell, the unemployment rate rose and only 70 net new jobs were created.

As encouraging LRIB performance in employment creation was between 1986 and 2001, a comparison of its absolute employment levels with those of La Ronge in 2001 indicates that there is much left to do. Perhaps the most graphic way to highlight to gap that remains is to say that it would have taken 922 jobs in addition to the 410 that were created between 1986 and 2001, to have increased the LRIB 2001 employment rate to the La Ronge rate of 68%.

The LRIB is well aware of the ongoing challenge they face. They are aggressively expanding their operations in several ways, one being the creation of Northern Lights Foods in 1999. Currently, the company has a Meat Snack Division and an Organic Foods Division. The Meat Snack Division produces high quality beef jerky, which sold under the Northern Lights brand name, as well manufactured and packaged for numerous private label companies. The Organic Food Division has 10 full-time employees and over 1000 seasonal workers involved in the harvesting, processing, and marketing of organic wild rice and organic wild

mushrooms. This employment is ‘on the land’ and a good fit with other seasonal land-based activities such as trapping, hunting, fishing, and mushroom and berry harvesting and therefore attractive to many community members who need income but are not interested in full-time employment.

The people of the Lac La Ronge Indian Band, through their Kitsaki Corporation, are an excellent example of the Aboriginal economic development in the new economy in action. Traditional lands and land use, alliances and global networks, and entrepreneurship abound. As with Osoyoos and the Inuvialuit, business development objectives extend well beyond simple wealth creation to include all manner of social objectives.

## 5. Conclusion

After centuries of struggle buttressed by decisions of the Supreme Court of Canada, during the final three decades of the 20th Century, the approach to indigenous claims has shifted from contention to negotiation and enterprise. No longer does the state contest the existence of indigenous rights to land, resources, and some form of ‘self-government’. Instead, it seeks to negotiate agreements based on these rights that will form the foundation for prosperous indigenous ‘nations’ within Canada. The key to achieving such prosperity is Aboriginal entrepreneurship and economic development, building on the capacity provided by the settlements. Based on the business development experience of the Inuvialuit, the Osoyoos Indian Band, and the La Ronge First Nation, this approach seems promising.

The approach is also clearly a particular instance of social entrepreneurship. While what these Aboriginal groups have done as they have identified opportunities and created business is clearly entrepreneurship their reasons for doing so and the organizational forms they have adopted extend far beyond wealth creation for the entrepreneur(s)/owner(s) involved. The wealth is generated to fund social objectives, broadly defined.

Equally important, the day-to-day activities of the businesses are conducted with social objectives in mind. What are expenses to entrepreneurs (salaries, training and development, purchases of inputs, and so on) and something to be minimized, are seen by those developing businesses in these communities as opportunities to deliver socioeconomic benefits. These are exploited to the extent it is economically feasible to do so.

Finally, the social nature of the process is also found in the activity that lies at the heart of

entrepreneurship—opportunity identification. A key criterion in the search for and identification of suitable opportunities is the extent of fit with a community’s broad objectives and with the capabilities and aspirations (including lifestyle preferences) of community members. Surely these actions and objectives are entirely consistent with the description of social entrepreneurship by Pearce (2003), Borzaga and Defourny (2001), and Mort et al. (2003) as discussed in Section 1.

Indigenous people elsewhere are also seeking recognition of their land and other rights. This is particularly true in New Zealand and Australia where the Maori and the Aborigines have rights and aspirations similar to indigenous people in Canada, but it also in Mexico, Central and South America, Africa, Northern Europe, and Asia. The Canadian experiences described suggests that the just settlement of indigenous land claim might be an effective way for states to address the socioeconomic circumstances of its indigenous people while at the same time addressing their ‘national aspirations’, and that social entrepreneurship has an important role to play in this process. How much better this than armed struggle and violent suppression as has been, and still is, the reality in many places.

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