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Social entrepreneurship and indigenous people

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ABSTRACT

This empirical study of First Nations in British Columbia, Canada examines how indigenous values are embedded in the mission of community development corporations in First Nations communities and how community-owned development corporations match closely with the concepts and mission of social entrepreneurship. The study demonstrates the link between development corporations and labor participation rate showing that promoting entrepreneurship, as part of the mission of the development corporations, positively influences the labor participation rate on the reserve. This result indicates that the implementation of development corporations with a social mission is key to the success of First Nations communities.

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1. Introduction

In the mainstream western-style vision on corporations, Corporate Social Responsibility (CSR) has become an important theme (Carroll, 1999). At the same time, the influence of indigenous values and beliefs on entrepreneurship is a neglected area of research. Indigenous paradigms differ considerably from the contemporary Western-style vision on entrepreneurship and economic development. Protection of ecological balance, solidarity, cultural preservation, holistic view, and social economic equity are core values and beliefs of indigenous people. The influence of indigenous perspectives on the social economy has been discussed in the academic literature (Anderson, Dana, & Dana, 2006; Loomis, 2000; Quarter, Mook, & Armstrong, 2009; Wuttunee, 2010).

The social mission of development corporations on reserves is an important issue for First Nations people, since poverty in First Nations communities is one of the most pressing problems within Canada (Helin, 2008). Therefore, development corporations can help First Nations with improving their social and material well-being through surplus redistribution generated by development corporations and through investments in education, health and job training, and employment creation.

Organizations of the social economy share some common characteristics such as: social objectives in their mission statements, social or community ownership, social participation, and community engagement (McMurtry, 2010; Quarter et al., 2009). Wuttunee (2010) argues that “community capitalism” has been used by indigenous people to describe their approach to development. This approach includes profit-making and community well-being (Wood, 1999). Indigenous communities may engage in capitalistic activities for the benefits of their society. There are alternative ways of organizing economic life than through the mechanisms of market exchange. At the community level, surpluses can be redistributed by some kind of local political power. Mohan and Stokke (2000) argue about the pitfalls of romanticizing local communities. They mention that ‘a global sense of place’ is required instead of conceptualisations of the ‘local’ as discrete communities. This is not an outright rejection of the local, but a trend in the contemporary globalisation process. Groenfeldt (2003) argues that indigenous visioning exercises in a rural setting are a critical step in reclaiming cultural identity. At the global stage, anti-globalisation movements, environmentalists, and indigenous movements recognize the destructive impact of capitalism in the form of externalities and realize that economic success should not always be measured by simple standards of profit, but should include the concept of triple bottom line by adding social and environmental costs. First Peoples Worldwide (2013) found that 43% of the extraction of natural resources takes place on sites located on indigenous territories. “Asset stripping” is not a solution to economic prosperity for local

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communities. Sustainable entrepreneurship is essential in order to prevent excessive exploitation of natural resources on First Nations reserves. Preserving the land and governing the extraction of oil, gas and other resources are fundamental for First Nations people in order to improve their livelihoods and cultures in the future.

There is a growing sense among Aboriginal people that there are alternative economic systems that are more aligned with their culture and values than the market-based economy which focuses on individualism and Western values.

This study will focus on successful methods and examples of community governance and economic development. We take a broad definition of the social entrepreneurship. Social entrepreneurship is defined as a process of respecting traditional cultural elements while throwing off the old economic ways of conducting business, disrupting the economic status quo, and through creative processes, developing new combinations of resources which allow for social, economic, and environmental innovation, change, and evolution. The social dimension also explicitly aims to benefit the community (Spear, 2012) and to utilize the extensive knowledge of private business to achieve social change (Bornstein, 2004). Community-owned businesses, so-called development corporations, on First Nations reserves are social enterprises that are undergoing processes of innovation, change, and evolution, as they seek profitable combinations of resources while respecting traditional cultural values. Complementary community economic development structures that fit particularly to each First Nations community have proven to be beneficial. For example, Curry, Donker, and Krehbiel (2009) has shown that development corporations promote employment training for youth to increase their skills and career opportunities. Besides local skill development, development corporations support production of goods and services for local use, local entrepreneurship, start-ups, and provide guidance for local business success. Profits generated by these development corporations are reinvested in the community (education, public health).

Our contribution to the academic literature on social entrepreneurship emphasizes the social goals of on-reserve development corporations of First Nations in British Columbia. We demonstrate that these social goals are aligned with the values and beliefs of indigenous people. To the best of our knowledge, this is the first empirical research that examines the corporate values of development corporations on reserves in Canada. In this study, we will examine how indigenous values are embedded in the mission of community development corporations. We will show that community-owned development corporations on First Nations reserves match closely with the concepts and mission of social entrepreneurship. Our main contribution to the literature on social entrepreneurship is that we examine indigenous values and beliefs of development corporations on First Nations reserves in British Columbia (Canada). Our second contribution to the literature is that we demonstrate the link between development corporations and labor participation rate on the reserves. Creating employment and providing workforce training for First Nations people are, besides generating profit, the most important goals and mission of development corporations. Our study also shows that promoting entrepreneurship, as part of the mission of development corporations, positively influences the labor participation rate on the reserve.

The rest of the study is structured as follows: In Section 2 we discuss indigenous values and beliefs that are embedded in the goals and mission of indigenous enterprises. Section 3 discusses the corporate governance structure of development corporations on reserves. Section 4 introduces the methodology and hypotheses. Section 5 discusses our empirical results. Finally, Section 6 contains our conclusion and interpretation of our empirical findings.

2. Indigenous values and beliefs

In the Canadian context “First Nations people” refers to the indigenous people in Canada. Additionally, some First Nations people have adopted “First Nation” to replace “Band” in their communities. “Aboriginal people” is the collective name for the original peoples of North America. Recognized Aboriginal people in Canada are Indians (First Nations people), Métis and Inuit (Indian and Northern Affairs Canada, 2002). The term “Band” defines the primary administrative unit on a reserve and would be similar to a municipal government. The Government of Canada uses the Band as the conduit to disburse money to First Nations people. The elected officials of the Band include a chief and councilors (Muckle, 1998). Prior to the Indian Act, First Nations had their own traditional governance. The power of First Nation Chiefs was often passed from one generation to another. With the introduction of the Indian Act, which mandated elections every two years, traditional governance became obsolete. However, some First Nations have maintained their hereditary chief tradition besides elected chiefs.

Despite significant social and economic pressures from the dominant culture, First Nations people have demonstrated a high level of tenacity in maintaining many of their traditional values and beliefs (Kymlicka, 1995). Rather than a human-centered anthropocentric philosophy, First Nations cultures have a strong ecocentric and holistic worldview (Loomis, 2000). They interpret everything around them – animals, trees, water, and earth – much the way they interpret themselves; as having a body, soul and image (Jenness, 1991; Sterns, 1981; Wa & Uukw, 1992). Therefore, First Nations have a cohesive orientation to the whole. First Nations people view ‘community as not only made up of people but also animals and plants’ (Alfred, 1999). Thus, rather than being separate from, superior to, and needing to dominate nature (the ecosphere), First Nations cultures have historically lived in harmony within the natural productivity capabilities of the ecosphere (Churchill, 2002; Jull, 1991; McPherson, 1998). Tai (2007) noted that Community-Based Conservation (CBC) emphasizes positive roles in local community involvement in conservation practice, and particularly the integration of both biodiversity conservation and socio-economic development objectives.

First Nations embrace a set of values and beliefs with a commitment to tradition, heritage and culture; sharing and group recognition rather than individual rewards (Belanger, 2010). A study initiated by the Alaska Initiative for Community Engagement (2005) collected the core values and beliefs of diverse tribes in Alaska including the value systems of the Haida and Athabaskan. Common values, such as sharing, loyalty, helping other people and generosity ranked high on the list of traditional values of almost all tribes. These values and beliefs among natives highlight the common ground and humanity that ties them together.

For example, in the Haida culture, individualism and freedom of action are important values but are “tempered by community pressure enforcing solidarity and conformity to norms and goals of the cultural group” (Sterns 1981). Fishers are viewed as entrepreneurs working within the constraints of the natural world. The larger community defines entrepreneurial success based more on skills developed by working within the natural productivity of the aquatic ecosystem rather than the accumulation of wealth through degrading the fishery resource at the expense of the long term sustainability of the natural world (Sterns, 1981).

O’Faircheallaigh (1998) argues that communal rather than individual ownership of the means of production, especially land, and social systems which place a heavy emphasis on kinship, sharing and reciprocal exchange. Using the principles of reciprocity encourage a sense of belonging and solidarity with group members cooperating to gain group security and consensus (mutualism). Decision-making by consensus belongs among the traditional

values to survive, which can be quite different from that of entrepreneurs in the Western context (Dana, Dana, & Anderson, 2005). Common values of indigenous people are that they honour the land and waters having respect for fish and wildlife and valuing community over individuality (Roderick, 2010).

A fundamental factor underlying every indigenous community is the reliance on the group, the family, and the clan. It is common that individual members who do well will take care of other members who live in poverty. The potlatch is a good example of social gathering, a gift-giving feast proficient by indigenous peoples of the Pacific Northwest Coast. Members of the band with a surplus of food and supplies provide these for all members of a band. The word potlatch comes from the Chinook language, meaning “to give away” or “a gift” (Drucker, 1965; McFeat, 1973) and is very famous in the cultures of the northwest. Solidarity with group members belongs among the traditional values of indigenous people.

First Nations economic development initiatives are mostly social enterprises that balance profit objectives with social objectives. Economic studies have shown that First Nations rural groups are reluctant to discard traditional practices because they believe that their First Nations practices are more sustainable, ecological, economical and socially responsible (Berkes, 1999). First Nations in many instances, have traditional values that emphasize community values, community property and community rights. Thus, successful economic development must have social benefit for the entire community. Successful First Nations business will enhance, contribute or support social enterprise.

Anderson (1997, 1999) argues that First Nations introduced a primarily collective approach that is closely related to each First Nations' traditional lands, culture and identity in order to be self-sufficient and self-governing.

Merging Western values with traditional values has led to successful economic and community development. In 1976, the Kaibab Paiute First Nations in Northern Arizona was able to implement a traditional decision-making system to help with their community development (Wulff & Fiske, 1987). Previously, they had a Western influenced and elected decision-making system for their planning and development programs. However, they discovered that this system was ineffective. The Kaibab Paiute implemented a traditional system of decision-making based on community participation. Their community planning became efficient, effective and successful. Their key principles they identified included;

1) Development change should be based on existing Paiute cultural and behavioral patterns rather than on federal goals and procedures, and (2) specific change programs should be broadly beneficial to the community and not just to a few people with special needs (Wulff & Fiske, 1987).

First Nations economic success is linked with honoring traditional worldviews. An Indigenous worldview according to First Nations scholar James (Sakej) Youngblood Henderson is “formulated by experiencing an ecosystem.” (Youngblood, 2000). Henderson argues that an ecological worldview teaches First Nations to feel humble about their existence, to share resources amongst each other, to care for and respect the environment, respect all living things and to value all forces of life (Youngblood, 2000).

In relationship to business, First Nations following an Indigenous worldview would balance a profit philosophy with an ecological philosophy. For example, First Nations raised objections with respect to the Enbridge Northern Gateway pipeline, which was a proposal to construct a pipeline to ship oil and natural gas to the northwest Pacific coast. The pipeline would go through First Nations territories (National Energy Board, 2013). Aboriginal groups said that the consultation process failed to address their concerns related to Aboriginal title, jurisdiction, consent, governance, environmental risk. The objections raised by First Nations is

an illustrative example how First Nations as political and legal entities are raising environmental concerns. In these cases, First Nations wanted to ensure the ecological protection of the business project, traditional laws, jurisdiction and inheritance.

3. Development corporations

First Nations entrepreneurial activity functions in an environment where businesses must market to a global economy while preserving traditional values, beliefs and other cultural elements. Besides commitment to tradition, heritage and culture, and communal and shared ownership are important elements for First Nations communities. Many business entities in First Nations territories are bodies – so-called Development Corporations- set up by the local government on reserves to serve the needs and goals of the local band members and provide financial support for the community. The commitment to community well-being differentiates development corporations from conventional corporations (MacLeod & Cid, 2012). Development Corporations are often charged with the economic development of rural areas within First Nations territories. Miller (2012) argues that a mix of tribally owned and privately owned businesses would greatly benefit local communities and alleviate poverty.

Many Development Corporations operate on a day-to-day basis at arm's length from the community government. For example, the *Nipissing First Nations Economic Development Corporation* (NFNEDC) is a not-for-profit entity mandated to develop and improve business development activities on behalf of the community (*Nipissing First Nations Economic Development Corporation, 2013*). Another example of a Development Corporation is the *Osoyoos Indian Band Development Corporation* in the south of British Columbia. The *Osoyoos First Nation Band* posted in their mission statement (*Osoyoos Indian Band Development Corporation, 2013*) that the Development Corporation pursues economic self reliance and the preservation of their culture for present and future generations through investing prudently, being entrepreneurial, educating and supporting members of their community and the larger business community (Helin, 2008). Development Corporations are owned by the Band Members and serve the goals of the local community. Essentially, development corporations are community-owned corporations that manage local businesses. In the case of the *Osoyoos Indian Band*, the Development Corporation supports a variety of enterprises including construction companies, recreational businesses, vineyards, a daycare, and cultural centres.

Development Corporations are normally charged with the economic development and operate on a day-to-day basis at arm's length from the community government and are owned by the Band. One of the benefits that economic development corporations provide, aside from the arm's length involvement from the government, is the opportunity to create income without being taxed and to structure profit for community goals. The Chief and Council still appoint the board of directors of the Economic Development Corporation in most cases. Curry et al. (2009) found empirical evidence that many businesses collapsed when a new Chief and Council were elected with other ambitions. In the Modern Native model, the Chief and Council, elected by the Band members, initially have control over the economic development corporation, but then delegate (based on a legal agreement) responsibilities to a board of directors. The board members are partly appointed by the Chief and Council and partly elected by the Band members. A good example of the Modern Native model is the *Saik'uz Development Corporation* (n.d.) located in the Vanderhoof area of central British Columbia.

The board of directors are responsible for all decisions and monitor the activities of the development corporation. Most members are from the local band, although sometimes board members

with specific knowledge (lawyers, consultants, accountants) are elected to serve on these boards (Curry et al., 2009). This differentiates boards of directors of development corporations on reserves from board of directors of corporations off-reserve. Participants working under this model noted that this corporate governance design allows for more distance and independence from Band politics. Chief and Council have less influence on the nomination and appointment of board members resulting in a more balanced relationship with community businesses. As long as the development corporation is owned by the Band, tax exemptions are in place (Canada, 2007). This model restricts appropriation of power by insiders, such as Chiefs, Council members and development corporation officers. The Board of Directors and the Financial Advisory Board are responsible for monitoring the activities of the Development Corporation. They ensure that continuity is guaranteed for the Development Corporation with its businesses (Curry et al., 2009). This model seems to be ideal for medium to large sized communities, but may be difficult to achieve in smaller communities.

Table 5 shows that 67% of the bands have a development corporation on reserve. Moving away from the INAC/Native model (without development corporation) towards the Economic Development model (with development corporation) is the best indication so far that many communities want to create a climate for economic prosperity. Many seem to recognize the issues of being too dependent on, or closely connected with, the political apparatus. In smaller communities without a development corporation, the Board of Directors of each business is made up solely of Chief and Council. The elected officials have access to the daily operations of Band-owned businesses. Political interference in the daily operations of businesses are inevitable for small communities that have limited capacity and skills. Changes within the Chief and Council are likely to result in changes within the Board of Directors because of different values, ideas, knowledge about how the business should be run (Cornell & Kalt, 2006; Curry et al., 2009; Grant & Taylor, 2007; Jorgensen, 2007; Jorgensen & Taylor, 2000).

4. Methodology

We used a survey as a method of data collection and employed a cross sectional analysis as a data analysis method. The sources of the empirical data contained in this article are: 1) interviews with First Nations Chiefs, councilors and economic development specialists, 2) an electronic, web-based survey which consisted of 34 questions, and 3) Statistics Canada databases. The interview data was collected over the past five years through visits to First Nations communities throughout British Columbia.

We developed an electronic, web-based survey which consisted of either multiple choice selections or commentary boxes. For analysis purposes, British Columbia is divided into four traditional territory regions. The comments were then coded into themes. The survey was sent to 200 First Nations Bands, with 82 participating, giving a participation rate of 40%. All bands were within British Columbia's borders, and were not confined to any special region of the province. While the research was confined to British Columbia specifically, the nature of the questions and their results were not. The only extenuating factor that separates British Columbia from the rest of Canada is that most First Nations lands are non-treaty lands, and this was not discussed in the questionnaire. This is not to suggest that Treaties are unimportant. In fact, the expectations are that these legal agreements will stimulate economic development of First Nations communities in the future and will increase social and economic wealth (Curry et al., 2009). However, treaties alone will not necessarily address the concerns of neither economic development, nor are all Bands pursuing treaties, and so the focus of the research was on the current situation on reserves. Questions

focused on economic activities, structures, and political involvement.

The following three hypotheses were developed to test several important concepts.

Hypothesis 1. Development corporations have a positive impact on the labor force participation rate within the community.

Hypothesis 2. Promoting entrepreneurship and assisting start-ups, as social missions of development corporations, will increase the labor force participation rate within the community.

Hypothesis 3. Traditional businesses will increase the labor force participation rate on the reserve.

We tested these hypotheses by using a cross-sectional analysis (OLS regression) to examine the impact of traditional business activities, the presence of a development corporation, and size and remoteness of the band on the participation rate (labor force) on the First Nations reserve.

$$PAR = \alpha_0 + \beta_1 SIZE + \beta_2 DEV + \beta_3 TRA + \beta_4 ENT + \beta_5 STUPS + \beta_6 REGION + \beta_7 REM + \beta_8 EDO + \varepsilon,$$

Where:

Variable	Description
Participation (PAR)	PAR is defined as the participation rate which refers to the labor force expressed as a percentage of the population aged 15 and over.
Population (SIZE)	The variable population (SIZE) refers to those persons who reported identifying with at least one Aboriginal group, that is, North American Indian, Métis or Inuit, and/or those who reported being a Treaty Indian or a Registered Indian, as defined by the Indian Act of Canada, and/or those who reported they were members of an Indian band or First Nations. The variable SIZE is defined as the natural logarithm of the total population of the band on reserve.
Development Corporation (DEV)	The variable development corporation (DEV) is an indicator variable that takes a value of one if there is a development corporation on the reserve and is zero otherwise.
Traditional Businesses (TRA)	The variable traditional businesses (TRA) is defined as the percentage of all businesses on the reserve which are related to traditional arts and crafts that are operating on the reserve.
Promoting Entrepreneurship (ENT)	The variable promoting entrepreneurship (ENT) is defined as the primary goal of the development corporation which is an indicator variable that equals one if the primary goal is promoting entrepreneurship and is otherwise zero.
Assisting Start-Ups (STUPS)	The variable assisting with start-ups (STUPS) is defined as the primary goal of the development corporation which is an indicator variable that equals one if the primary goal is assisting with start-ups and is otherwise zero.
Region (REGION)	The variable region is an indicator variable which equals one if the band is located in that specific region and is otherwise zero: Region 1 (Southern Interior), Region 2 (Northwest, Central Interior, Northeast), Region 3 (Coastal) and Region 4 (Vancouver Coastal).
Remoteness (REM)	The variable remoteness (REM) is an indicator variable which equals one if the travel distance to the nearest non-reserve community with a population of more than 5000 people takes more than 1 h of travelling.
Economic Development Officer (EDO)	The variable economic development officer (EDO) is an indicator variable which equals one if there is an economic development officer on the reserve and is otherwise zero.

5. Empirical results

This section explores social entrepreneurship, governance structures, economic undertakings and other community develop-

Table 1
Goals and missions of development corporations.

Goals Development Corporations	Total	Region 1	Region 2	Region 3	Region 4
Generating Profit	60.526	58.333	65.217	58.824	58.333
Creating Employment	59.211	58.333	69.565	52.941	50.000
Providing Workforce Training	25.000	25.000	30.435	17.647	25.000
Supporting Traditional Values	17.105	25.000	13.044	11.765	16.667
Promoting Entrepreneurship	15.790	12.500	21.739	17.647	8.333
Assisting Start-Ups	9.211	12.500	4.348	0	25.000
Other Goals	3.947	4.167	0	11.765	0
Total Development Corporations (%)	67.105	66.667	69.565	64.706	66.667

Notes: Numbers are means (%); Region 1 (Southern Interior); Region 2 (Northwest, Central Interior, Northeast); Region 3 (Coastal); Region 4 (Vancouver Coastal).

ment activities. We will link the concept of the social economy with Aboriginal traditional belief systems. Table 1 shows the results of our survey on the mission of development corporations.

The results of Table 1 illustrate that 67% of all bands have a development corporation. Although “generating profit” is still the most important goal of a development corporation (60%), it should be noted that the surplus of development corporations will flow to the community at large.

Creating employment (59%), providing workforce training (25%), supporting traditional values and beliefs (17%), as well as promoting entrepreneurship (16%) are the most cited missions of development corporations, which demonstrate the social nature of this type of organization in British Columbia.

Table 2 shows that traditional businesses are still dominant on First Nations reserves. On average, 30% of the bands in British Columbia have traditional businesses on the reserves. Agriculture, resource-based industry, health and education, as well as manufacturing count each only for 15% on First Nations reserves. Table 2 also shows that traditional businesses are more prevalent in the coastal regions and manufacturing and construction more dominant in the interior of British Columbia.

Table 3 shows that 50% of the bands in British Columbia have activities on the reserves that produce paintings, prints, drawings or carvings. These activities are most prevalent in the coastal regions. Selling moccasins, traditional clothes and baskets are more common in the Interior of British Columbia. First Nations in British Columbia make moccasins and traditional clothing with animal skins from their hunting pursuits. The moccasins are usually from caribou, deer, moose and elk; however, the traditional clothing extends beyond these animal skins and also includes beaver, rabbit, fox, wolf and other game.

The bands in the coastal regions are more oriented towards paintings, prints, drawings and carvings (arts and craftsmanship). In our study, we have seen some regional differences in specific traditional activities; however, this would be expected given the size of British Columbia and its vast geographical area. In this survey, the evidence of traditional business activities operating on First Nations reserves is an inspirational phenomenon. The retention and revitalization of traditional activities will need to be further explored. The essential question, “What is the importance of traditional business activities for First Nations?” should be examined. A Haida artist, Ernie Collison, described the intimate connection between art and life:

“You get good at it, stay disciplined and stay focused and think about how the world works, and you can find yourself marketing your work very well. You are not marketing just your work. To a degree, you market yourself a bit too. And in order to do that, you have to know about our history, culture, oral traditions, stories, and some of the facts about the islands and where people live and lived (Kenny & Fraser, 2012).”

As determined by this study, the importance of traditional business activities is vitally important for all First Nations communities in British Columbia.

We asked band economic development professionals which factor would help band members to start-up new businesses. The availability of external funding is the most important factor for success. Table 4 also shows that this factor is more relevant for businesses in the interior of British Columbia than for businesses in the coastal regions. Assisting start-ups in realizing opportunities is more prevalent for the interior of British Columbia.

Table 5 describes the variables that we will use in our cross-sectional analysis.

Most reserve populations were under 1000 (74.3%), and travel to the closest non-First Nations communities with a population of 5000 or more was 118 km on average. The most common mode of travel to those non-First Nations communities of 5000 or more was with a vehicle on paved roads (78%). Some communities did rely on ferries, watercraft, private boats, aircraft, and buses (39%) as their primary means of transportation to access non-First Nations communities of 5000 or more. Most (80.4%) First Nations communities are less than two hours travel time to a non-reserve community with a population of 5000 or more. Saku (2002) argues that the remoteness and smallness of the population base of aboriginal communities inhibited successful economic development.

Under the Indian Act, no individual can pledge on-reserve assets in return for debt financing. This has been a great barrier to on-reserve financing and business activities (Wuttunee, 2010). Community-owned and controlled enterprises have become a model for Aboriginal development. The concern for community as a principle fits well with the idea of self-determination and cultural preservation.

In assessing why the respondents thought businesses failed on reserve, many cited the absence of funds or access to them. Many felt the issue around land tenure affected the ability to secure loans necessary for business development, leaving the Band Office or community members the only sources for start-ups. Cornell, Jorgensen, Record, and Timeche (2006) confirmed the absence of venture capital on reserves. The absence of lending opportunities will lead to higher capital costs.

The research also seemed to indicate that the size of the population would be an indication of the various models a First Nations community might use. The smaller the community, the more likely it was to use a standard INAC/Native type model. The bigger the community was, the more likely it would be willing to try alternatives to the INAC/Native model.

Analyzing the primary research data, a few factors stand out. While most bands are moving away from the traditional INAC/Native model, Chiefs and Councils are still able to exert a fair degree of influence with economic development corporations. Most of the positions were appointed, and those appointments were by Chiefs and Councils. Political interference and regulations was regularly mentioned as an issue – along with the funding portion of the equation – in why businesses were not succeeding.

Table 2
Business activities on-reserve.

Sector	Total	Region 1	Region 2	Region 3	Region 4
Traditional businesses (TRA)	30.637	18.967	31.197	40.286	42.917
Agriculture, resource industry (AGR)	16.291	15.849	19.227	19.287	9.911
Health, education (HED)	16.199	18.430	13.385	17.086	15.280
Manufacturing, construction (MANU)	15.877	16.613	20.075	10.144	13.130
Wholesale, retail (SAL)	7.850	6.4227	5.053	3.267	19.194
Business services (BUS)	6.553	5.881	5.755	9.271	6.658
Finance, real estate (FIN)	0.833	1.343	0	1.340	0.638
Other services (OSE)	36.397	35.460	36.503	39.604	35.189

Notes: Numbers are means (%); Region 1 (Southern Interior); Region 2 (Northwest, Central Interior, Northeast); Region 3 (Coastal); Region 4 (Vancouver Coastal).

Table 3
Traditional activities operating on-reserve.

Traditional Activities On-Reserve	Total	Region 1	Region 2	Region 3	Region 4
Painting, Prints and Drawings	51.316	37.500	56.522	58.824	58.333
Carvings	48.684	33.333	47.826	64.706	58.333
Baskets	27.632	25.000	34.783	23.529	25.000
Moccasins and Traditional Clothes	25.000	25.000	43.478	5.882	16.667
Jewelry	14.474	12.500	8.696	23.529	16.667
Blankets	13.158	20.833	4.348	11.765	16.667
Wood Products	3.947	0	0	17.647	0
Other	14.474	16.667	21.739	11.765	0

Notes: Numbers are means (%); Region 1 (Southern Interior); Region 2 (Northwest, Central Interior, Northeast); Region 3 (Coastal); Region 4 (Vancouver Coastal).

Table 4
Start-Ups.

Start-Ups	Total	Region 1	Region 2	Region 3	Region 4
Availability of Finance	28.947	33.333	30.435	29.412	16.667
Realizing Opportunities	17.105	20.833	26.087	11.765	0
Business Mentorship	15.790	16.667	17.391	5.882	25.000
Community Development Planning	14.474	12.500	17.391	17.647	8.333
Education and Training	13.158	16.667	17.391	5.882	8.333
Assistance Business plans	11.842	4.167	21.739	5.882	16.667
Dealing with Bureaucracies	10.526	4.167	13.044	17.647	8.333
Other	2.632	0	0	5.882	8.333

Notes: Numbers are means (%); Region 1 (Southern Interior); Region 2 (Northwest, Central Interior, Northeast); Region 3 (Coastal); Region 4 (Vancouver Coastal).

Table 5
Descriptive statistics.

Variables	mean	median	min	max
Population on reserve (<i>SIZE</i>)	747.12	542.50	65.00	4490
Participation rate (<i>PAR</i>)	57.96	58.30	10.90	83.30
Traditional businesses (<i>TRA</i>)	30.64	22.22	0	100.00
Development Corporation (<i>DEV</i>)	0.67	1	0	1
Economic Development Officer (<i>EDO</i>)	0.32	0	0	1
Remoteness of reserve (<i>REM</i>)	0.40	0	0	1
Assisting members to start a business (<i>STUPS</i>)	0.09	0	0	1
Promoting entrepreneurship (<i>ENT</i>)	0.16	0	0	1

While most survey participants felt that political involvement may be an issue, the primary focus on pursuing business goals seemed to be on track regardless. The desire for profit creation seems to be an indication that many bands have recognized that without profit creation, political goals or ambitions will also likely be unrealized. The composition of the Boards of Directors seemed to indicate two things: first, the desire to be inclusive within the communities themselves; second, the need to get as much professional direction and advice as possible. The time commitments of Board of Directors members indicated that many felt it was important to have a level of stability to their economic development corporations, but didn't want to have power too centralized or prolonged.

Many felt the remoteness of their locations affected the success and outcomes of the businesses on reserve. While the internet has allowed some change for communities in this regard, having access to the internet or internet services can still be an issue. In addition,

certain knowledge and skills are needed to transition from a bricks and mortar based business to an internet based business; something many of these communities were challenged to find within their borders. Also mentioned several times within the commentary was the need for more training, skills development, and help with setting up businesses or business plans. Couple that with the fact that the majority had their economic development centres within their borders, and it is not surprising to see why growth maybe limited or become stagnant.

Despite the remoteness and lack of experience, there seemed to be entrepreneurial spirit amongst First Nations communities, as the number of self-employed was almost the same as those employed working for someone else. This could be due to cultural values. However, neither the primary or secondary survey had the opportunity to explore those issues.

Table 6
Regression analysis on participation rates. This table reports OLS estimates of the following multivariate regression model:
 $PAR = \alpha_0 + \beta_1 SIZE + \beta_2 DEV + \beta_3 TRA + \beta_4 ENT + \beta_5 STUPS + \beta_6 REGION + \beta_7 REM + \beta_8 EDO + \varepsilon$.

Variables	Exp. Sign	OLS 1	OLS 2
Intercept	+/-	79.698*** (12.221)	75.322*** (11.479)
Size of the Band (<i>SIZE</i>)	+/-	-3.592* (1.884)	-3.699** (1.852)
Development Corporation (<i>DEV</i>)	+	7.137** (3.173)	6.735** (3.016)
Traditional Businesses (<i>TRA</i>)	+	0.001 (0.054)	0.003 (0.053)
Goal Development Corp: Promoting Entrepreneurship (<i>ENT</i>)	+	8.611** (5.058)	-
Goal Development Corp: Assisting with Start-Ups (<i>STUPS</i>)	+	5.776* (4.340)	-
- <i>ENT</i> + <i>STUPS</i>	+	-	6.954** (3.425)
Interior (Regions: 1 + 2)	+/-	-5.045 (3.155)	-
Coastal Regions (Regions: 3 + 4)	+/-	-	4.901 (3.109)
Remoteness (<i>REMI</i>)	+/-	2.702 (2.946)	2.968 (2.860)
Economic Development Officer (<i>EDO</i>)	+	-10.200** (4.142)	-9.203*** (3.465)
- R^2		28.95	28.61
F - statistics		2.14**	2.46**
Observations		51	51

Notes: Figures in brackets are standard errors; *, **, *** significance at the 10, 5, 1% level) two-sided tested (expected sign: one-sided tested).

We used a cross-sectional regression analysis (OLS) to estimate the relationship between traditional businesses (TRA), development corporations (DEV) and missions of development corporations (ENT, STUPS), remoteness of the reserve (REMI), size of the First Nations community (POP), and the presence of an economic development officer on the labor force participation rate. Diagnostic tests indicate no heteroscedasticity (Breusch-Pagan-Godfrey) or multicollinearity.

The results in Table 6 show that the presence of a development corporation has a positive impact on the labor force participation rate. The coefficient is positive and statistically significant at the 5% level. This result confirms Hypothesis 1. The coefficients of the missions of development corporations related to entrepreneurship (5%) and start-ups (10%) are also positive and statistically significant. If we combine both mission statements, then the coefficient is positive and statistically significant at the 5% level. This result confirms Hypothesis 2.

The coefficient of the variable related to traditional businesses (TRA) is positive, but not statistically significant (Hypothesis 3). The presence of an economic development officer has a negative impact on the labor force participation rate. This result is contrary to our expectations. The coefficient (EDO) is statistically significant at the 5% level. An explanation could be that development officers were appointed in communities with low participation rates. The regression analysis in Table 6 shows that the size of the First Nations community has a negative impact on the labor force participation rate. The coefficients (POP) are statistically significant at the 5 respectively 10% level.

The R-squared values in both regressions are close to 29%. This indicates how well our linear models fit our observations. The R-squared values can be considered as reasonable values for a cross-sectional analyses in social sciences. The OLS regressions are significant at the 5% level. Regardless of the R-squared, the significant coefficients of development corporations (DEV), the mission of development corporations (ENT, STUPS), size of the community (POP) and the presence of a development officer (EDO) are extremely valuable information to explain labor force participation in First Nations communities.

6. Conclusions

The heightening awareness of other worldviews among First Nations people is opening up opportunities for alternative community development models, less focused on individualism and Western values. We explored corporate values and mission of social enterprises governed by indigenous people. We highlighted the important role that social enterprise and entrepreneurship plays in First Nations (Indigenous people) culture and we discussed how governance structures, particularly community development corporations, can insulate community owned businesses from other community activities. This study shows that development corporations that embrace social and community goals benefit First Nations people and communities. We find that social entrepreneurship is playing an increasingly significant role in economic development activity and community betterment. The research also focuses on successful methods and examples of community governance and economic development. Significant factors related to economic activities, traditional businesses, governance structures, political involvement and factors contributing to, or hindering business start-up are presented which can contribute to community policy supporting entrepreneurship and social enterprise.

According to the findings of our study, development corporations with a focus on promoting entrepreneurship and assisting start-ups increase the labor force participation rate in First Nations communities. Traditional businesses are the most common business activities on reserves. We also learn the vital role traditional business activities play in the revitalization of traditional values, beliefs and activities. Our research demonstrates that British Columbia First Nations value the creation of profits and also the importance of retaining traditional economic activities. A successful First Nations business will strive for profit; however, they will also move towards the revitalization of traditional beliefs and philosophies. Finally, the survey results show that the availability of external funding for start-ups is the most important condition for success.

The practical implication of this paper thus suggests that aligning indigenous values with corporate values are crucial for economic development of local indigenous communities. Balancing social and profitability goals within a cultural context is necessary for building strong indigenous communities. We argue that development corporations are key to the success of First Nations communities. These development corporations could help in training First Nations peoples for the workforce and supporting start-ups. Promoting and supporting entrepreneurship is especially critical for First Nations in remote areas.

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