

Understanding Success in Indigenous Entrepreneurship: an Exploratory Investigation

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Abstract

In Canada there are numerous studies about Indigenous entrepreneurship, most descriptive with little theory development or testing. This leaves a gap in the information available to researchers, policy makers and practitioners.

In this paper we describe a research program intended to address this gap beginning with the activities of the Lac La Ronge Indian Band, considered an exemplar of successful Indigenous entrepreneurship. From these activities, we draw propositions about Indigenous entrepreneurship that are compatible with generic theory. Finally, we describe how we will move from these propositions to a model of Indigenous entrepreneurship using grounded theory and structural equation modelling.

Introduction

In Canada and elsewhere around the world Indigenous Peoples are struggling to rebuild their 'nations' and improve the socioeconomic circumstances of their people. Many see economic development as the key to success. This is certainly true for Indigenous people in Canada (the First Nations, Metis and Inuit, collectively called Aboriginal or Indigenous people). Among them, participation in the global economy through entrepreneurship and business development is widely accepted as the key to economy building and nation 're-building'. As elaborated in the next section, the demand is that this participation must be on their own terms for their own purposes and traditional lands, history, culture and values play a critical role. There is an intriguing symmetry between the modernity of the desire for global business competence and competitiveness and the insistence upon the distinctive importance of cultural heritage in developing new enterprise. The way that the two superficially contrasting concepts of innovation and heritage are combined, in the field of Indigenous entrepreneurship, has been expounded by Hindle and Lansdowne (2002, *passim*).

Recognizing the challenges they face in attempting to compete in the global economy on their own terms, Indigenous people are increasingly developing enterprises in the form of *partnerships* of all types among themselves and with non-Indigenous enterprises. As both a form and a context of business organisation, the partnership or alliance model is particularly fraught with the need to blend the old with the new; heritage with innovation. This study is a preliminary investigation of the Kitsaki initiative of the Lac la Ronge Indian Band. Kitsaki is a demonstrably successful portfolio of Indigenous entrepreneurial enterprise based on the partnership model. We attempted to:

- explore several ventures involved in the partnership, asking key operatives for their opinions about the factors that explain success and failure;

- distil the explanations into as few, all-embracing factors as possible;
- relate the findings to the emerging theory of Indigenous entrepreneurship, with particular reference to the suggested paradigm of Indigenous entrepreneurship developed by Hindle and Lansdowne (2002);
- project the results of the investigation into suggestions for a more structured program of future research.

Background: Aboriginal Economic Development in Canada - Problem and Response

The current socioeconomic circumstances of the Aboriginal people in Canada are abysmal. According to 1991 census dataⁱ, 42% of Aboriginal people living on a reserve received social welfare, while only 8% of other Canadians did. Unemployment among Aboriginal people stood at 24.6%, almost two and one-half times the national rate of 10.2%. The on-reserve rate was even higher; often well above 30% and approaching 90% in isolated communities. Housing conditions tell a similar tale, with 65% of on-reserve and 49% of off-reserve Aboriginal people living in substandard housing.

As bad as these current employment levels are, the prospects for the future are worse. 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. Based on these figures, the Royal Commission looked to the future. In fact, it looked to two futures. One flows from the continuation of the status quo—a future where Aboriginal peoples' socioeconomic circumstances remain at their current abysmally low level in comparison with those of the broader Canadian population. Under this scenario the annual economic cost of the underdevelopment of Aboriginal people is expected to rise to \$11 billion in 2016 from 7.5 billion in 1996, to say nothing of the tremendous human cost.

The other RCAP future is one where 'something' is done to bring Aboriginal socioeconomic circumstances up to the Canadian average. This 'something' is economic development. This RCAP future anticipates that during the first decade of the 21st Century government expenditures on Aboriginal issues will increase by between \$1.5 and \$2 billion per year over 1996 levels. Most of this increased cost will relate to land claims settlements and other capacity-building activities. The RCAP Report projects that by the year 2016, the economic development activities of Aboriginal people, fostered in part by this investment in capacity, will result in them making a \$375 million dollar annual contribution to the Canadian economy. This is in sharp contrast to the estimated \$11 billion annual cost expected under the status quo scenario.

Aboriginal people in Canada have not been standing idly by accepting the status quo. Nor did they need the RCAP Report to identify for them the future they wanted and tell them how to achieve it. In fact, the RCAP's forecasts under the optimistic scenario are based on the continuing successful implementation of the approach to development Aboriginal people have been implementing for some time (Figure 1)ⁱⁱ.

Figure 1: The Characteristics of Aboriginal Economic Development

The Aboriginal approach to economic development is:

1. A predominantly collective one centered on the community or 'nation'.

For the purposes of:

2. Ending dependency through economic self-sufficiency.
3. Controlling activities on traditional lands.
4. Improving the socioeconomic circumstances of Aboriginal people.
5. Strengthening traditional culture, values and languages (and the reflecting the same in development activities).

Involving the following processes:

6. Creating and operating businesses that can compete profitably over the long run in the global economy to
 - a) Exercise the control over activities on traditional lands
 - b) End dependency through economic self-sufficiency.
7. Forming alliances and joint ventures among themselves and with non-Aboriginal partners to create businesses that can compete profitably in the global economy.
8. Building capacity for economic development through: (i) education, training and institution building and (ii) the realization of the treaty and Aboriginal rights to land and resources.

Adapted from Anderson 1999

Entrepreneurship—the identification of unmet or undersatisfied needs and related opportunities, and the creation of enterprises, products and services in response to these opportunities—lies at the heart of the Aboriginal economic development strategy. Through entrepreneurship and business development they believe they can attain their socioeconomic objectives. These objectives include (i) greater control of activities on their traditional lands, (ii) an end to dependency through economic self-sufficiency, (iii) the preservation and strengthening of traditional values and the application of these in economic development and business activities and, of course (iv) improved socioeconomic circumstance for individuals, families and communities.

Aboriginal people in Canada believe that they can achieve their purposes through participation in the global economy and have adopted processes that reflect this belief. They are creating businesses to compete in the global economy in order to generate the wealth necessary to preserve and strengthen their communities and improve socioeconomic conditions. At the same time, through business ownership Aboriginal Peoples expect to exercise greater control over activities in their traditional territories. They recognize that the success of this approach depends on the long-term profitability of the businesses that they create. In order to improve the viability of their businesses, Aboriginal people are forming partnerships of all types among themselves and with non-Aboriginal enterprises. They are also devoting considerable efforts to capacity building through education, training and institution building and along with the realization of the treaty and Aboriginal rights to land and resources.

It is important to note two things about this approach. First, it involves active participation in the global economy on a competitive business-based basis. Second, this participation—both the process and the objectives—are shaped by things distinctly Aboriginal. For example, Robinson and Ghostkeeper in two papers discussing economic development among Indigenous people in Canada suggest that they are rejecting

industrial development imposed on them from the outside in favour of development strategies originating in, and controlled by, the community “with the sanction of Indigenous culture” (Robinson and Ghostkeeper 1987, 139). In their second paper, the authors argue, “a wide range of cultures may enable entrepreneurship and economic development to flourish” (Robinson and Ghostkeeper 1988, 173). They go on to suggest that the key to successful Indigenous development lies in recognizing in each culture those forces conducive to development and “designing development plans accordingly” (Robinson and Ghostkeeper 1988, 173).

Not just in Canada but worldwide, there has been increasing attention paid to Indigenous approaches to development “designed accordingly”. For example, Agrawal says that the failure of neo-liberal (market) and authoritarian and bureaucratic (state) approaches to development has led to a “focus on Indigenous knowledge and production systems” (Agrawal 1995, 414). Continuing, he says that these efforts are an attempt “to reorient and reverse state policies and market forces to permit members of threatened populations to determine their own future” (Agrawal 1995, 432). For the most part, these efforts are not taking place outside the global economy, but within it. As Bebbington suggests, “like it or not, Indigenous peoples are firmly integrated into a capricious and changing market. Their well-being and survival depends on how well they handle and negotiate this integration” (Bebbington 1993, 275). He goes on to say that the Indigenous approach to negotiating this integration is not to reject outright participation in the modern economy:

But rather to pursue local and grassroots control... over the economic and social relationships that traditionally have contributed to the transfer of income and value from the locality to other places and social groups (Bebbington 1993, 281).

This is certainly true of the approach to development among Aboriginal people in Canada. Two questions arise—Is this approach being effectively implemented? and, if so,—What are the factors that have proven critical to success?

An Exemplar of Success: Lac la Ronge Indian Band and Kitsaki

We began our search for the answer to these two questions with the Lac la Ronge Indian Band (LRIB). The LRIB is widely recognized as one of the leaders in economic development in Canada. Among many honours, in 1997 the Band (and its economic development arm, the Kitsaki Management Limited Partnership) was named Aboriginal Economic Developer of the Year by the Council for the Advancement of Native Development Officers. In 2001, one of the Kitsaki companies, Kitsaki Meats, was the recipient of a Canada Export Award recognizing “its spirit of innovation and the excellence of its goods and services”. Only ten companies per year receive this prestigious award from Export Canada, the agency of the federal government charged with supporting exporting and recognizing excellence.

Speaking about the export award, Chief Harry Cook said

Because unemployment is so high in our community, it is a necessity that we continue to create jobs and training opportunities here at Kitsaki. One great way to do that is by selling our goods and services to people outside our community.

General manager Terry Helary of Kitsaki Meats echoes Chief Cook's sentiments saying

The people we hire are taught a trade here, as well as life skills. For many, this is their first job, so it is very important ... as we enter other markets globally, Kitsaki Meats will also be improving life locally.

These statements and others in the section that follows indicate the LRIB approach to development is consistent with the Aboriginal approach described in Figure 1. The awards mentioned and results discussed in the next section indicate that the approach is being implemented effectively, answering the first question.

Which leaves the second— What are the factors that have proven critical to success? We began to our efforts to answer this question with a visit to Lac La Ronge to ask the people involved what they believe these factors to be. The insights from the visit are discussed in the next section. They will form the basis of our subsequent research.

The Lac La Ronge Indian Band (LRIB) is located in the boreal forest 235 kilometres north of the city of Prince Albert, Saskatchewan Canada (see map 1). The band's current land-base includes 18 reserves totalling 43,250 hectares. At present the LRIB is pursuing a specific claim for additional territory. The case will soon be heard by the Supreme Court of Canada.

According to Statistics Canada, the 2003 population of the LRIB is 7,508. Of this number 4,492 lived 'on-reserve' in one 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. The other five communities, scattered throughout the surrounding region, are Grandmother's Bay, Hall Lake, Little Red River, Nemeiben River and Stanley Mission.

As with other Aboriginal communities in Canada, the employment, participation rates and the income and education levels of the people of the LRIB fall far short of those of non-Aboriginal people. At the same time, on other measures Aboriginal people lead non-Aboriginal people—unemployment, incarceration, mortality, suicide, tuberculosis and other health problems, substandard housing, and so on. This is true now, but was even more so in the 1970's. In an attempt to improve socioeconomic circumstances through economic development, the LRIB formed the Kitsaki Development Corporation (KDC) in 1981.

KDC Activities and Outcomes 1981 to 2001

From its creation in 1981 the KDC's strategy for improving the socioeconomic circumstances of the people of the LRIB 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 2003, 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 2003, 1).

Implementing this strategy, the KDC has create a number of business ventures, some wholly owned and others partnerships. A brief description of each of the Kitsaki companies follows. This material was drawn from Kitsaki's website supplemented by information provide during site visits and interviews.

Athabasca Catering Limited Partnership (<http://www.kitsaki.com/Ath.html>) provides food service and janitorial work for a variety of northern mines, and in particular for Cameco Corporation. The company was started by Kitsaki and private entrepreneurs. The ownership base was subsequently expanded to include the First Nations of Black Lake, Fond du Lac, Hatchet Lake, and English River. The employees of Athabasca Catering have served millions of meals to hungry miners across the North, and the company has been able to pay tens of millions of dollars in wages to its employees who are primarily Aboriginal people of northern Saskatchewan. The seven-day-in seven-day-out nature of the employment means that even people from remote communities can hold these jobs and still stay in their home community during their time out.

Dakota Winds Kitsaki Mechanical Services Ltd. (<http://www.kitsaki.com/dak.html>) provides plumbing, heating, refrigeration, and mechanical services in Saskatchewan. The business was originally started by Whitecap Dakota Sioux First Nations and Inter-city Mechanical (1985) Ltd. Kitsaki joined as an owner in 1999 as the company expanded to La Ronge. The company's target areas of growth include province wide contracts in both the public and mining sectors. We are also involved with the expansion of northern industrial projects such as sawmilling, natural gas distribution, and the maintenance of commercial infrastructures. The company has developed a successful training and recruitment model for Aboriginal youth that will meet the future needs of the company and their home communities as they become trained journeypersons. This business, using unionized labour, is capable of training in five different trades: plumbing, pipe fitting, welding, refrigeration, and sheet metal.

Canada North Environmental Services Limited Partnership (<http://www.kitsaki.com/can.html>) is an environmental consulting firm, specializing in training, environmental monitoring and community health issues. The company is 51% owned by Kitsaki and is in partnership with Connor Pacific Environmental Technologies Inc. The business involves Aboriginal people in environmental monitoring, and research activities related to industrial and resource developments, and communicate with Aboriginal communities regarding the issues. LRIB believes that a combination of traditional and scientific knowledge of the land and animals allows them to assess the environment and the impacts on it resulting from both natural and human activities. First Nation's people understand better than anyone that the environment must be sustained to empower the youth and leaders of the future.

The La Ronge Motor Hotel Limited Partnership (<http://www.kitsaki.com/hot.html>, <http://www.lrhôtel.sk.ca/>) is the only full service hotel in La Ronge. It is newly renovated and offers convention and banquet facilities, in addition to 60 air-conditioned rooms with cable television, a new beer and wine store, coffee shop, dining room and lounge. The business is 100% owned by Kitsaki and is located on beautiful Lac La Ronge, across from the public beach and tennis courts. The staff pride themselves on their first class customer service. The La Ronge Motor Hotel has proven to be a fine training ground for

Lac La Ronge Indian Band members and other Aboriginal people entering the hospitality industry.

The hotel offers tourists a gateway to pristine northern Saskatchewan and access to beautiful scenery, great fishing, and adventure. It offers business travelers appropriate facilities including large boardrooms for private meetings and spacious convention facilities.

The Lac La Ronge Indian Band, as a member of the Prince Albert Grand Council, is also an owner of three hotels in Prince Albert—The Prince Albert Inn, the Marquis Inn, and the Marlboro Hotel.

La Ronge Industries Ltd. (<http://www.kitsaki.com/ind.html>) is the largest grower of wild rice in western Canada. Wild rice is a gourmet, organic food that is popular in quality restaurants and kitchens around the world. The business is 51% owned by Kitsaki, and 49% by a corporation controlled by the Federation of Saskatchewan Indian Nations. It controls wild rice leases scattered throughout hundreds of picturesque lakes in remote areas of northern Saskatchewan. The Lac La Ronge Indian Band also has extensive wild rice areas on its reserve lands. The rice is harvested from a variety of shallow areas in lakes and rivers by driving airboats through these rice patches. This raw product is then processed in La Ronge at a state-of-the-art processing plant. The finest wild rice in the world is then marketed primarily to the United States, Europe, and elsewhere in Canada. The wild rice industry is supported by Kitsaki to provide an important seasonal economy for a number of Band members in one of the few industries that remains consistent with those who continue to live close to the land.

First Nations Insurance Services Ltd. (<http://www.kitsaki.com/fir.html>, <http://www.firstnationsins.com/>) offers group pension and benefits to first nations, their institutions, and businesses. Started by Kitsaki, ownership is being transferred to the Federation of Saskatchewan Indian Nations. Peter Ballantyne Cree Nation, is also a minority partner. The company's plan is tailored to suit First Nations people. While status Indians enjoy certain basic treaty benefits, the benefit plan offered by First Nations Insurance builds on these basic benefits and adds many additional important benefits. The First Nations Insurance pension plan puts First Nations people in charge of First Nations investments.

Keewatin/Procon Joint Venture (<http://www.kitsaki.com/kee.html>) has been established to provide contract mining services for both surface and underground mine sites. The company can also provide extensive related construction service. The joint venture partners of this business include Keewatin Mining Corporation, a company owned by Kitsaki, together with the First Nations of Black Lake, Hatchet Lake, and Fond du Lac. Keewatin owns 51% of the joint venture. While the other 49% is owned by Procon Mining and Tunnelling Ltd. Procon has extensive mining and tunnelling experience using a variety of mining techniques, both surface and underground, and has operated in a wide variety of soil conditions. Procon also operates an industrial construction division, as well as maintaining a division that can provide extensive access to a great variety of heavy equipment. Keewatin Procon has successfully completed projects at McArthur River, McClean Lake, and Cigar Lake. The joint venture was also involved in the Nisto Mine Decommissioning.

Kitsaki Meats Limited Partnership (<http://www.kitsaki.com/kit.html>) produces meat snacks sold across Canada under a variety of private labels. It is one of only a few federally inspected meat plants in Saskatchewan, and the only one in the North. The plant can smoke, process, and package a wide range of products including both natural and ground and formed jerky, in both individual sticks and bulk packaging. The company also sells its own Northern Lights line of meat snacks.

The retail meat division supplies fresh meat to a variety of customers across northern Saskatchewan. Better quality food at lower prices is one of the benefits that Kitsaki has brought to the North. It is also providing unique training opportunities, in a manufacturing environment, to many northern Aboriginal people. Kitsaki Meats is also a growing exporter of wild rice.

Northern Resource Trucking Limited Partnership (<http://www.kitsaki.com/nor.html>) serves Saskatchewan's mining industry, hauling primarily to Uranium mines owned by Cameco Corporation, and Cogema Resources Inc. NRT has operated in a safe and efficient manner since 1986. Kitsaki and Trimac Transportation Services Ltd. started this business, and subsequently expanded the ownership base to include a number of Metis, Dene, and Cree Nations across northern Saskatchewan.

Highly trained leased operators haul a variety of sensitive commodities, over challenging roads, and through intense weather conditions. In addition to quality service, NRT is mandated to select, train and develop northern and Aboriginal people in the industry. With offices in Saskatoon and La Ronge, NRT runs the biggest equipment allowed in Saskatchewan. NRT is a prime example of what can be achieved through cooperation between the mining industry, and Aboriginal business.

Wapawekka Lumber Limited Partnership (<http://www.kitsaki.com/wap.html>) is a modern technology sawmill located north of Prince Albert. The \$22.5 million sawmill processes small diameter logs into lumber. Started in 1999, the business brings Kitsaki together with Peter Ballantyne Cree Nation, Montreal Lake Cree Nation, and Weyerhaeuser Canada. The business has already established itself as an extremely safe, world class sawmill based on a unique partnership and a diverse, talented work force. Wapawekka Lumber creates higher value quality products from small diameter logs, while providing employees with ongoing growth and career opportunities. The highly skilled, predominately Aboriginal work force, have been trained in a variety of areas including, computers, fire and safety, work systems, cultural awareness, principles of teamwork, W.H.M.I.S., and occupational health and safety.

Pihkan Asky/Nih Soreldhen Joint Venture (<http://www.kitsaki.com/pih.html>) has been formed by four, highly skilled partners with unique experience and perspective in the important field of environmental remediation. Athabasca Economic Development and Training Corporation, Canada North Environmental Services Limited Partnership, Clifton Associates Ltd. and Keewatin/Procon Joint Venture share a vision for the development of the North. The people of northern Saskatchewan will possess the means to address their goals and aspirations for their communities, Aboriginal authorities and industry will work together to promote the social and economic development of the North.

In 1986 the Kitsaki businesses earned revenues of \$5 million. KDC company revenues increased to over \$10 million per year by 1989 making KDC the third fastest growing

company is the province of Saskatchewan. In 2001, the revenues of the Kitsaki Management Limited Partnership (KMLP), the successor to the KDC following a restructuring in 1999, totalled \$23.4 million. Based on these 2001 revenues, Kitsaki ranked 87th on the list of the 100 largest Saskatchewan companies. The KMLP companies now employ 500 people, 350 of whom are Aboriginal.

Data from the 1986 and 2001 censuses of Canada provide some indication of the employment impact of these business activities (Figures 2 to 5). The analysis that follows examines changes in potential and actual labour force, and participation, unemployment and employment rates for the Lac La Ronge Indian Band and compares these with the neighbouring community of La Ronge. Both communities face similar external economic opportunities and threats. They differ with respect to their approach to exploiting those opportunities and the strengths and weakness they bring to the economic arena.

The Lac La Ronge Indian Bands was facing a triple challenge in 1986, high unemployment, low labour force participation and rapid labour force growth. The LRIB unemployment rate was 32% compared to 10% for the neighbouring non-Aboriginal community of La Ronge, while the participation rate at 37% compared to 79% for La Ronge. As a result the LRIB employment rate (the number employed divided by the potential labour force) was 24% compared to 71% for La Ronge. The challenge presented by these unsatisfactory circumstances was compounded by the growth in the potential labour force growth between 1986 and 2001, 116% for the LRIB and only 10% for La Ronge; and the growth in the actual labour force, 153 % for LRIB and just 7% for La Ronge. Just to maintain the unacceptable 1986 rate of employment the number of employed people from the band would have to increase by 2.5 times.

Figure 2: Change in Employment 1986 to 2001: Lac La Ronge Indian Band

	1986	2001	% growth
Potential labour force (all people 15 years and older)	1090	2355	116%
In the labour force	400	1010	153%
Employed	270	680	152%
			Change in rate
Participation rate	37%	43%	6.3%
Unemployment rate	34%	32%	-2%
Employment rate	24%	29%	5%

The Lac La Ronge Indian Band in part through the efforts of Kitsaki was able to do more than maintain the status quo. In spite of a 116% increase in the potential labour force and a 6.3% increase in participation rate, which together resulted in a 153% increase in the actual labour 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. The La Ronge potential labour force grew by only 10% while the actual labour force increased by just 7% because of a 2% decline in participation. The increase in number employed was 6% (70 more people employed than

in 1986) resulting in an increase in unemployment rate of 1% and 3% decrease in the employment rate.

Figure 3: Change in Employment 1986 to 2001: La Ronge

	1986	2001	% growth
Potential labour force (all people 15 years and older)	1695	1870	10%
In the labour force	1340	1440	7%
Employed	1205	1275	6%
			Change in rate
Participation rate	79%	77%	-2%
Unemployment rate	10%	11%	1%
Employment rate	71%	68%	-3%

Figure 4: Comparison of % Change: Lac La Ronge Indian Band and La Ronge

	% growth LRIB	% growth La Ronge
Potential labour force (all people 15 years and older)	116%	10%
In the labour force	153%	7%
Employed	153%	6%
	Change in rate	Change in rate
Participation rate	6.3%	-2%
Unemployment rate	-2%	1%
Employment rate	5%	-3%

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 indicate that there is much left to do (Figure 5). Perhaps the most graphic way to highlight to gap that remains is to say that it would have taken 922 jobs over and above the 410 created between 1986 and 2001, to have increased the LRIB 2001 employment rate to the La Ronge rate of 68%.

Figure 5: Comparison of Rates: Lac La Ronge Indian Band and La Ronge

	2001 LRIB	2001 La Ronge
Participation rate	43%	77%
Unemployment rate	32%	11%
Employment rate	29%	68%

The LRIB is well aware of the challenge they face. They are aggressively expanding their operations in several ways. A key expansion strategy is expansion into selected international markets, primarily in Europe, Japan and the United States. The export strategy has two aspects. The first is the penetration of new markets with existing products (primarily beef jerky and wild rice). The second is the identification and development of complementary products for the same target markets. For both existing and complementary products, the strategy adopted has been to develop a distinctive brand and product mix built on the themes of Indigenous, traditional, healthy and organic products coming from a pristine natural environment.

Northern Lights Foods®¹

Northern Lights Foods, created by the Lac La Ronge Indian Band 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 production plant is operated under strict federal government regulations mandated and inspected by the Canadian Food Inspection Agency. In the spring of 2003, a plan was developed to construct a new 30,000 sq. ft. manufacturing facility by the end of 2003. The new plant was necessary to meet increasingly stringent regulatory requirements and increase manufacturing capacity to meet growing production demands.

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. Along with production from Kitsaki's own production, Northern lights purchases wild rice from over 100 independent organic producers in Northern Saskatchewan. The organically certified wild rice is sold primarily to markets throughout Europe and the United States.

Organically certified wild mushrooms are Northern Light's newest product. The product line includes fresh, dried and frozen Morel, Chanterelle and Matsutake mushrooms; the first two for the North American and European markets and the third for the Japanese. The mushrooms are harvested in the boreal forests of Northern Saskatchewan. They are certified organic by Quality Assurance International and OCCP/Pro-Cert Canada Inc., as is the wild rice.

Key Success Factors: First Impressions or Eternal Verities?

In June of 2003, the researchers visited Lac la Ronge, inspected several Kitsaki enterprises and interviewed both key operatives in particular ventures and the CEO of Kitsaki Partnerships, Mr Ray McKay. The research effort was completely open-ended and totally exploratory. It must be clearly stated that the distillation of the notes from this visit did not follow a strict agenda and the procedures followed would not qualify as methodology for the formal establishment of grounded theory (Glaser and Strauss 1967; Strauss and Corbin 1998; Charmaz, K. 2003). Accordingly, the 'discoveries' articulated in this section of the paper are points of departure, not points of arrival. We will list them as propositions that seem worthy of future, more systematic investigation.

¹ See <http://www.northernlightsfoods.com/>

Proposition One – Venture Creation. *The establishment of a successful Indigenous venture requires dual leadership: a cultural authority and a practical ‘hard-driver’.*

Any investigation of the success of Kitsaki quickly devolves to the importance of several key leaders, some political and some business. The current leaders are Chief Harry Cook and Kitsaki CEO Ray McKay. Chief Cook has been Chief for over 20 years, re-elected every two years. Before him there was another long serving Chief, Miles Venn, who is recognized as the father of Kitsaki. In the 1970’s and early 1980’s Cameco Corporation, the world’s largest uranium producer was opening mines in northern Saskatchewan. The company was required by provincial law to involve northerners in the process, not just as employees but also as suppliers of goods and services. Chief Venn saw opportunity in these circumstances and he negotiated the first of a set of highly business alliances involving trucking, mine catering and security, environmental remediation, and recently mine development, that have emerged under his and then Chief Cook’s leadership. Both men were (and are) highly respected by the community. Their cultural authority provides reassurance to every Band member that these enterprises are compatible with the aspirations and traditions of the Band.

Ray McKay is the latest in a series of executive officers who have effectively managed the business operations of the development corporation and its subsidiaries. Before him was Dave MacIlmoyle (still with Northern Resource Trucking) and before Dave, Bill Hatton. Ray has a rare combination of Indigenous credibility and mainstream business experience and acumen. It is he translates intentions to actions and his predecessors who translated intentions into actions, with the active involvement of Chief Cook and Chief Venn before.

Proposition Two – Venture Durability. *The durability of a successful Indigenous venture is potentially more vulnerable to generational change than is mainstream enterprise.*

Given the undoubted importance of the dual leaders, Harry Cook and Ray McKay, one of the researchers asked McKay whether a major point of vulnerability for the Kitsaki portfolio was generational change. This involved a variety of issues including the grooming of successors and the very nature of band organisation. For instance, if a populist person or team were to win election to significant office within the Band by promising distribution of dividends (instead of using retained earnings to fuel business growth), was Kitsaki at risk? McKay indicated that this question went right to the heart of the matter and was a key problem. As a partial, solution, Kitsaki is run by a board of directors, not the elected Chief and Counsellors. This is less a solution than it might first seem because the sitting Chief has always been the Chair of the Kitsaki Board and several counsellors are directors. However, there are outside directors and therefore the Board is at least somewhat independent.

It is interesting to note that Chief Clarence Louie of the Osoyoos Indian Band and Chris Scott of the Osoyoos Development Corporation speak frankly about the same dilemma. Chief Louie has been in office for 18 years, re-elected every two. The Chief is openly concerned about what will happen to Osoyoos's portfolio of successful businesses if he is defeated. He is searching for a governance model that will ensure business stability through periods of political succession.

Proposition Three – Venture Adaptability. *For an Indigenous venture, change is even harder than creation.*

Sometimes businesses pass their 'use by' date. Successful products and procedures of yesterday are outmoded by the exigencies of tomorrow. It is the nature of enterprise. During our investigation it emerged, in several discussions, that one of the hardest things that Kitsaki would ever have to face would be the need to close down or significantly amend one of its enterprises if the need ever arose. This was not merely because of understandable (see previous sections of this paper) pressure to 'maintain jobs' even if those jobs were uneconomic. It was also because an Indigenous business, once established, tended to become iconic. The closing of something previously successful could be perceived by the community as a failure, rather than a natural evolution, and have a disproportionately dispiriting effect upon attempts to stimulate future entrepreneurial initiative.

A case in point is the current crisis that the Meat Snacks Division faces. Because of a single case of 'Mad Cow Disease', most countries have closed their borders to Canadian beef, including Kitsaki's beef jerky; this just when the meat products division was being touted within the community and outside as a huge success with great promise for expansion. To close the division will mean the loss of 14 jobs and the promised expansion. To keep it open means ongoing losses and likely damage to the reputation of the entire Northern Lights product line. Consensus among the managers and the board (including Ray McKay and Chief Cook) is that the correct business decision is to close the division, but there is great reluctance to do so because of the resulting loss of a business that has been a great source of pride and the harm it will do to 14 families.

Links to the Developing Theory of Indigenous Entrepreneurship

Hindle and Lansdowne (2002, *passim*) claimed that there are three essential elements that distinguish Indigenous entrepreneurship from mainstream entrepreneurship.

1. *The heritage positioning index.* Hindle and Lansdowne claimed that, if heritage and the importance of Indigenous culture do *not* constitute an issue for a given venture, then we may not be talking about Indigenous entrepreneurship, even though the particular enterprise may have a degree of Indigenous ownership or involvement. The idea of an "index" is metaphorical, not literal. What is required is some explicit

treatment of the degree to which heritage matters and influences the management and growth of the enterprise.

2. *The autonomy-accountability network.* Among the respondents in the Hindle and Lansdowne study, there was a multiplicity of concerns about the degree of Indigenous autonomy that distinguishes one venture from another and the range of stakeholders to whom the venture must account for its performance and for whom it must provide rewards. Thinking of this set of concerns as a *network*, unified the concept. Close consideration of the autonomy-accountability network is a fundamental attribute of Indigenous entrepreneurship and a key point of distinction from mainstream entrepreneurship.
3. *The twin skills inventory.* The previous elemental issues imply but do not specify the need for significant participants in an entrepreneurial process to possess a relevant mixture of technical and cultural skills. In the mainstream, profit is assumed to be the dominant ethic of competitive capitalism. In Indigenous entrepreneurship cultural variables are vitally important attributes of any venture. The distinction is pronounced.

The three propositions (previous section, above) emerging from our pilot study of LRIB and Kitsaki are highly compatible with the generic theoretical arguments established by Hindle and Lansdowne (2002).

Proposition One in our study, is effectively a specific re-statement of the generic importance of Hindle and Lansdowne's emphasis on 'twin skills'. All senior Kitsaki participants we interviewed are agreed that without the combination of cultural skills (embodied at leadership level by Chief Harry Cook) and technical business skills (embodied at leadership level by CEO Ray McKay) the Kitsaki initiative would never have occurred.

Proposition Two in our study provides focused evidence of the importance of the general 'autonomy-accountability network' concept presented by Hindle and Lansdowne (2002). In the LRIB-Kitsaki case – and this is generalisable to all Canadian First Nations Ventures without further research – we observed the close proximity of the business accountability of any venture in the Kitsaki portfolio to politico-cultural accountability (the election processes producing band leadership under the legal systems prevailing in Canada).

Proposition Three in our study embraces all three of the essential factors identified by Hindle and Lansdowne (2002). Change and development are hard processes for any mainstream business. Indigenous entrepreneurship adds the onerous need to *double* accountability (adding extra-mural cultural-political concerns to the intra-mural complexities of a business in a competitive environment).

So, despite the informality of the interrogation processes that produced the three propositions summarising our initial investigation of the LRIB-Kitsaki case, we can say that the distilled propositions are highly compatible with developing theory in the field of Indigenous entrepreneurship. Indeed, in the context of supporting emerging theory, the unstructured nature of our distillation of observations can be regarded as strength, rather

than a weakness. Our observation of businesses operations and our questions put to participants genuinely had no agenda beyond seeking:

- A technical explanation where one was needed (e.g. Can you show me how the wild rice is packaged?);
- Performance data (e.g. Can we see last year's balance sheet?);
- Participant opinions - in their own words - about what produced success and what caused failure (e.g. 'Sales growth has been impressive. Have you been lucky, or skilful or what?').

It is at least very interesting and perhaps highly significant that such an unsophisticated (and a-theoretical) interrogation procedure should result in three dominant impressions/propositions so highly compatible with emergent theory in the field.

Indicated Research Directions

The value of our pilot study is like beauty: it is entirely in the eyes of the beholder. One extreme point of view would argue that our a-theoretical interrogation procedure was journalism rather than research and should be entirely discounted. At the opposite extreme, someone might like to argue that the coincidence of un-guided observations with emergent theory provides strong prima-facie support for the emerging theory because of the low risk that bias was introduced through 'loaded' procedures or questions.

The way to avoid either extreme view is to design and conduct more structured research developed from the three propositions distilled in this study. The coincidence of these propositions with emergent theory provides justification for their development into a series of testable hypotheses as part of a larger research program. This program emerges from consideration of three salient questions:

- What kinds of structures and policies will work to encourage economic growth in Indigenous communities?
- What kinds of actions do individuals and groups within First Nations need to undertake to encourage economic growth?
- How can research help to provide practical guidance for relevant stakeholders including Band, Provincial and Federal governments?

Future research should aim to understand the conditions under which successful Indigenous entrepreneurship operates. A better understanding of these conditions will ultimately lead to situations where Indigenous leaders can better predict the path to achieving successful, self-sustaining, and self-determined ventures. It is not impossible to hope that future research might provide both a grounded theory and a structural equation model of Indigenous entrepreneurship in Canada. The ultimate quest is for an understanding of the conditions that need to be present for a successful entrepreneurial venture.

Indicated Methodology. It is too early to predict with absolute precision what the requisite methodologies ought to be at every stage of what, by its very nature, will be a large project. However, it is envisaged that the proposed research might comprise a three-

part approach. The following provides a brief outline of the three stages as currently envisaged:

Stage 1: An in-depth, revelatory case study on the Kitsaki Development Corporation that transcends the superficialities of our pilot treatment in this study. Case study methodology (Yin 1989) is an appropriate approach for this study because we have gained access to a Band that exhibits a very high degree of successful business activity and as yet has not been scientifically studied. The case study will enable us to understand with greater technical and interpretive precision the Lac La Ronge Band's entrepreneurial involvement. This will include the set of structures, policies and actions for various ventures and how these choices have led, through outcomes of both specific success and specific failure, to a very successful, community-based, entrepreneurial climate. The outcome will provide a preliminary grounded theory of Indigenous entrepreneurship (Glaser and Strauss 1967; Strauss and Corbin 1996; Charmaz 2003).

Stage 2: Will involve the conduct of set of selected research case studies, beyond the Kitsaki portfolio, to refine the grounded theory of Stage 1 and integrate it with emergent Indigenous entrepreneurship theory being developed by other researchers in other studies. The methodology employed will be of major importance in obtaining data that is grounded in the personal experiences of: Indigenous entrepreneurs; Band leaders; Elders; community members and in the documentary evidence itself. The research process will be guided by the approach suggested by Glaser and Strauss and as employed by Olomi et al. The approach will:

- i. discover the important categories and their properties, conditions and consequences through the constant comparative method;
- ii. develop categories at different levels of conceptualization, and
- iii. integrate into a theoretical framework of successful Indigenous entrepreneurship to be tested in stage 3.

Stage 3: A survey instrument will be created to capture data on the variables identified in stage 2. The data set will include at least 450 successful ventures and 450 unsuccessful ventures. The hope is that it will be possible to create a structural equation model (SEM) to elucidate the relationships among the many variables derived from the case studies. This multivariate quantitative component will complement the qualitatively-derived grounded theory of parts 1 and 2. An interpretation of the implications of the model will be detailed.

Conclusion

In Canada there are few researchers studying entrepreneurship, and even fewer researching Indigenous entrepreneurship. Academics interested in the field can find a variety of studies about Indigenous business development and entrepreneurship issues but the majority of these are written for government. These are studies that are mainly descriptive with little or no theory development or theory testing. This leaves a gap in the information available for new researchers, policy makers and Indigenous governments.

The research proposed in the previous section could have significant impact upon and utility for Indigenous managers; entrepreneurs; governments and a wide range of other stakeholders. In particular, it could aid Indigenous governments in deciding what kinds of structures, policies and actions are appropriate for creating environments conducive to Indigenous entrepreneurial activity, under the auspices of Indigenous people themselves.

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ⁱ 1991 Census data is used because it forms the base-line for a series of projections that are part of the Report of the Royal Commission on Aboriginal People. Development progress, or the lack thereof, can be measured against this baseline.

ⁱⁱ The Aboriginal economic development strategy and the role played entrepreneurship and business development in this strategy is described in much greater detail in Anderson 1999 & 2002.