



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

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