

STRATEGIC ALLIANCES IN INDIGENOUS ENTREPRENEURSHIP CONTEXTS: A CASE STUDY OF THE SCUZZY CREEK HYDRO PROJECT

Matthew Pasco: Nicola Valley Institute Of Technology, Merritt, Canada
Everarda Cunningham: Swinburne University Of Technology, Lilydale, Australia

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Contact: Matthew Pasco, Nicola Valley Institute of Technology, 4155 Belshaw Street, BC
V1K 1R1 Merritt, Canada, (T) 250 378 3300, Email: mpasco@nvit.bc.ca

ABSTRACT

Indigenous communities throughout Canada and the world value their distinctive and varied heritages. They value both autonomy and cultural integrity. Nevertheless, in order to prosper in a highly competitive and globalised world, most Indigenous communities need to consider the issue of strategic alliances involving both other Indigenous communities and non-Indigenous people and organizations from the mainstream of the nation state. Combined with this desire for prosperity, Indigenous people and organizations have formed strategic alliances with non-Indigenous people and organizations in the attempt to advance the economic development of their communities. Indigenous communities also utilize strategic alliances to take back control of their territory and the resources within its territory. Therefore, these communities need to consider the twin issues of when and how to create appropriate strategic alliances in order to discover, evaluate and exploit entrepreneurial opportunities. This paper has one dominant aim: to critically examine the Scuzzy Creek Hydro Project (a strategic alliance between the Nlaka'pamux Nation and non-Indigenous partners) in light of both the mainstream strategic alliance literature and a range of Indigenous perspectives.

INTRODUCTION

Indigenous communities throughout Canada and around the world value their distinctive and varied heritages. They value both autonomy and cultural integrity. Indigenous communities also struggle considerably to improve the socioeconomic circumstances of their people and rebuild their 'nations' to protect the autonomy and cultural integrity they value. Many Indigenous Peoples see economic development as a key to successfully meeting these struggles. This is certainly true for the three major categories of Aboriginal Peoples of Canada (First Nations, Metis and Inuit). Among them, entrepreneurship and business development are widely accepted as the key to economy building. Recognizing the challenges they face, many individual Aboriginal communities, and groups of communities are looking for partners that will strengthen their capacity to develop viable businesses. Previous work by Anderson (1997) has shown that some non-Aboriginal corporations see strategic alliances with Aboriginal communities as important to their long-term success.

Indigenous People

According to the World Bank "Indigenous peoples are commonly among the poorest and most vulnerable segments of society (World Bank, 2001)." Confronted with these depressing economic statistics, many, but certainly not all, modern nation-states have recognized the plight of their Indigenous communities. In response, throughout the middle decades of the 20th Century Indigenous people, along with other poor populations of the world, were the target of a wide range of initiatives, efforts and programs to assist in economic development. In large part these top-down, externally developed, modernization based efforts failed to improve the economic circumstance of the World's poor including Indigenous people, while at the same time often damaging the traditional economy leaving communities less self-reliant and therefore worse off than before, the outcome anticipated by proponents of the dependency perspective.

Reacting to these circumstances and the centuries of colonization that caused them, Indigenous peoples are struggling to reassert their nationhood within the post-colonial states in which they find themselves. For all, claims to their traditional lands and the right to use the resources of these lands are central to their drive to nationhood. Land is important in two respects. First, traditional lands are the 'place' of the nation and are inseparable from the people, their culture, and their identity as a nation. Second, land and resources are the foundation upon which Indigenous people intend to rebuild the economies of their nations and so improve the socioeconomic circumstance of their people – individuals, families, communities and nations.

This has resulted in significant movement in Indigenous development where Indigenous communities and peoples are striving to rebuild their 'nations' and improve their lot through economic development 'on their own terms'. Anderson et al. (2005) identify two factors that play a critical role in this process. The first is Indigenous peoples' rights to their traditional lands and resources. The second is formation of mutually beneficial business alliances with non-Aboriginal organizations. The two aspects are closely related in that the realization of the former gives Indigenous people control of key resources important to non-Aboriginal organizations enabling the later.

Anderson et al. (2005) also point to the fact that while the potential for strategic alliances exist, not all Indigenous communities form alliances with non-Indigenous organizations. Some communities reject outright the opportunity enter in such alliances. They provide a compelling example with the U'wa in Columbia who in their decade long struggle with the Government of Columbia and Occidental Petroleum have received international attention and the support of environmental and human rights activists throughout the world. The U'wa opposed exploration and drilling for oil on their traditional lands in the Columbian Andes. Despite efforts by the Columbian state and Occidental to reach a settlement, the U'wa remained steadfast.

They say that in this consultation the government will sit with us in order to see how, in or territory. We can live with OXY [Occidental Petroleum] and their oil exploration, without our culture, our world, being destroyed. For us, this is impossible...Mother Earth is sacred, is not for violation, exploitation, nor negotiation; it is to be cared for, to be conserved. For these reasons we can not permit oil exploration on our traditional territory...We will continue to fight to defend our right to live in peace within our own territory, with our own ways of thinking and our own customs, and we will not permit ourselves to be manipulated or fooled by trinkets of fine words (U'wa People, 1997).

Strategic Alliance Research

We have witnessed in recent years a spurt in the number of strategic alliances between firms pursuing a variety of economic objectives (Beamish and Delios, 1997; Hagedoorn and Schakenraad, 1993, 1994). This is also true with respect to alliances involving Indigenous organizations in Canada. There is a large, diffuse and often contradictory and confusing literature on strategic alliances and joint venturing in mainstream economic contexts but very little structured research on strategic alliances in Indigenous contexts has ever been performed.

Definitions of strategic alliances are abundant, varied and conflicting. As a starting point, a strategic alliance is defined as a long-term operative arrangement between two or more independent organizations that engage in business activities for mutual economic gain (Tsang 1998). This definition like Takec and Singh (1992) reflect a traditional view of partnerships based on creating value for participants. Others identify a competitive aspect in defining strategic alliances.

Colitions between two or more firms, either formal or informal, that share compatible goals, acknowledge a high level of mutual interdependence, involve partial or contractual ownership, and which are formed for strategic reasons. (Stiles 2001, p. 18)

Gulati broadly defines strategic alliances as:

...voluntary arrangements between firms involving exchange, sharing or co-development of products, technologies, or services. They can occur as a result of a wide range of motives and goals, take a variety of forms and occur across vertical and horizontal boundaries. (Gulati 1998, p. 293)

Barney (1991) groups strategic alliances into three categories that include non-equity alliances, equity alliances and joint ventures. A non-equity alliance develops a cooperative arrangement between organizations through contracts. Non-equity alliances do not engage in the creation of independent organizations or cross-equity positions. An equity alliance supplements cooperative contracts with equity investments by one organization in the other organization. Finally, a joint venture is developed when two or more organizations invest individually to create an independent organization. The investing partners are compensated by the profits of the independent organization. Killing (1983) addresses the equity position held by partners by defining equity joint ventures as ventures where two or more partners establish a separate organization in which each partner holds a minimum equity stake of 5 percent.

Varadarajan and Cunningham (1995) specify only two types of alliances—joint ventures and inter-organizational entities that involve non-equity alliances. They incorporate Barney's category of equity alliances within the joint venture type rather than considering them a separate category.

Lorange and Roos (1992) group alliances into five categories that include informal agreements, contractual agreements, equity agreements, joint ownership and mergers and acquisitions. Informal agreements allow each organization to control its own activities without shared control, ownership or risk. Contractual agreements are legally documented alliances of shared risk and return with stated conditions and expectations. Equity agreements are developed when an equity investment is made by one organization in the other organization in addition to on-going activity involving shared risks and rewards. Mergers and acquisitions occur when one organization buys another. The scope of this research will incorporate Lorange and Roos categories of alliances but will not include mergers and acquisitions. Given the Indigenous context of the research, informal agreements are included. Oral tradition is prevalent throughout the Indigenous communities of Canada and may be the basis for a strategic alliance.

Strategic alliances are formed for a variety of reasons, including entering new markets, reducing manufacturing costs, and developing and diffusing new technologies rapidly (Walters et al. 1994). Their aim is to maintain knowledge leadership while minimizing time to market in order to exploit the briefest of business opportunities (Newman and Chaharbaghi 1996). Varadarajan and Cunningham (1995) presented a list of motives for entering into alliances relating either to the market or the resources. Anderson (1997) found this to be true for corporations entering joint ventures with Indigenous groups in Canada.

The decision to establish a strategic alliance with another organization is significant and interesting for those Indigenous communities and organizations willing to embark on this form of development. This decision is significant in that it is a source of job creation to combat the substantial unemployment facing Indigenous communities. Furthermore, it attracts resources to address housing and health concerns and asserts control over their traditional lands and resources. It is interesting because of the variety of reasons for developing strategic alliances and the social context for partner selection given the performance and stability of these enterprises. Combined with the desire for prosperity, Indigenous communities have formed strategic alliances with non-Indigenous people and organizations to re-establish control over their traditional territory. Therefore, strategic alliances involving Indigenous communities are accompanied by a complex merger between cultural heritage and innovation. Hindle and Lansdowne (2005) explain this merger within the field of Indigenous entrepreneurship.

Entrepreneurship research has shown scant interest in values (Hindle and Lansdowne 2005: 134), and has been isolated from the humanities. The discipline's concern for technical excellence in quantitative methodology has come at the expense of philosophical and historical sophistication. Hutcheon (1999) recently revisited the values issue and concluded that to solve the problems of society, we must understand how humans function as both the "creators and creatures of an evolving culture". Trudgen (2001) argues that mutual misunderstanding of values is at the heart of most problems between Indigenous and mainstream cultures.

As Hindle and Lansdowne (2005: 134) unequivocally state, all three theoretical contexts discussed above converge on one practical necessity: Indigenous people themselves must create the paradigm of Indigenous economic development and prosperity. It cannot be thrust upon them by non-Indigenous government leaders and scholars. Innovation, by arising from within, can be a source of economic growth (Drucker 1985; Mainprize 2004) and prosperity for communities (Sirolli 1999).

The challenge is to understand the dynamic potential that exists inherent in heritage, not simply regard it as a roadblock to future-oriented commercial development. Research must move beyond classifying the Indigenous heritage orientation as “looking back” in contrast to the mainstream entrepreneurship ethic of “looking forward” and will break new ground by reconciling them. The challenge in the Indigenous community economic development context is to effectively link innovation and heritage (Hindle and Lansdowne 2005: 134).

In order to prosper in a highly competitive and globalised world, most Indigenous communities need to consider the issue of strategic alliances involving both other Indigenous communities and non-Indigenous people and organizations from the mainstream of the nation state. Combined with this desire for prosperity, Indigenous people and organizations have formed strategic alliances with non-Indigenous people and organizations in the attempt to advance the economic development of their communities. Indigenous communities utilize strategic alliances for many purposes, most of which are associated with a key desire to defend what are perceived to be common resources and attachments to place (Larsen, 2003). They therefore need to consider the twin issues of when and how to create appropriate strategic alliances in order to discover, evaluate and exploit entrepreneurial opportunities.

METHODOLOGY

This study is taking place in the context of a larger research agenda designed to develop a useful framework for evaluating entrepreneurial strategic alliances in an Indigenous context. The overall aim of the research is to investigate how strategic alliances can be optimally designed and implemented within Indigenous communities to effectively reconcile heritage and innovation. The proposed research will culminate in the design of tools for the effective creation, implementation and management of strategic alliances in the Indigenous context. The implementation of these tools collaboratively with Indigenous communities will enable the effective implementation of strategic alliances. The following lists the objectives of the larger research project:

- To determine how the natural resources and financial capital of an Indigenous community influences the viability of Indigenous strategic alliances.
- To determine how various systems of Indigenous governance influence the viability of Indigenous strategic alliances.
- To determine how various forms of property rights influence the viability of Indigenous strategic alliances.
- To determine how prevailing paradigms (that is the way the world-views, perspectives, mindsets, mores, customs, traditions, social networks and various other factors focused on *the way people think about* new venturing) influence the viability of Indigenous strategic alliances.
- To determine how facilitation programs (especially government-funded initiatives) influence the viability of Indigenous strategic alliances.
- To determine how facilitation tools (including but not limited to procedural systems, software, evaluation regimes, specific skills etc) influence the viability of Indigenous strategic alliances.

This paper signals the beginning of a three stage research project that will take several years to complete. The objectives of this particular case study are modest. We are seeking to refine both our theoretical model and our data collection techniques prior to embarking on a set of case studies to explore strategic alliances in an Indigenous context. The following briefly outlines the three stage research project:

- Stage 1: An indepth case study on the Scuzzy Creek Hydro project. The Nlaka’pamux Nation Tribal Council negotiated a strong ownership position in a hydro project that led to the creation of a successful strategic alliance involving 6 Indigenous communities and two non-Indigenous

- organizations. The case study will enable us to understand how this strategic alliance was designed, why they chose the alliance structure and how it was implemented between the various Indigenous and non-Indigenous partners.
- Stage 2: A set of selected case studies in search of a grounded theory of successful Indigenous strategic alliances. As discussed earlier, several definitions of strategic alliances exist. The selection of alliances will fulfill each category of the strategic alliance types identified Roos and Lorange (1992) with the exclusion of mergers and acquisitions. The series of case studies based on the approach of Yin (2004) and Glaser and Strauss (1967). After development, through grounded theory of a descriptive framework based on multiple case studies, a basis for quantitative investigation will exist to determine the factors influencing successful Indigenous strategic alliances.
 - Stage 3: A survey instrument will be created to capture data on the variables identified in stage 2. The data set will include the political leaders and managers of the 614 bands in Canada that has designed and implemented a strategic alliance. The survey will be administered at a future gathering of the Assembly of First Nations. A structural equation model will be utilized to deduce a model of relationships among the variable derived from the case studies in stage 2.

In Canada and worldwide there are relatively few researchers studying Indigenous entrepreneurship. The majority of studies available about Indigenous business development and entrepreneurship in Canada are written for government. Methodology is varied and eclectic and the studies are mainly descriptive with little or no theory development or theory testing. This leaves a gap in the information available for new research, policy makers and Indigenous governments. Accordingly, the study proposed here has high potential utility for a variety of reasons and the implications it may generate for Indigenous communities are likely to be significant. The proposed research will not only provide a starting point for other researchers in terms of understanding strategic alliances in an Indigenous entrepreneurship context, it will also aid Indigenous governments and organizations in developing the influencing factors for successful Indigenous strategic alliances.

In summary, the overall aim of the research is to investigate how strategic alliances can be optimally designed and implemented within Indigenous communities to effectively reconcile heritage and innovation. The research will culminate in the design of tools for the effective creation, implementation and management of strategic alliances in the Indigenous context. The implementation of these tools collaboratively with Indigenous communities will enable the effective implementation of strategic alliances.

An Exemplar of Success: The Scuzzy Creek Hydro and Power Incorporated

The Nlaka'pamux Nation is located in the province of British Columbia, Canada where its traditional territory extends throughout the Thompson and Fraser river corridors. The Nation is comprised of 16 bands established by the Indian Act. Eight of these bands have a political alliance known as the Nlaka'pamux Nation Tribal Council. These communities include: Ashcroft, Boothroyd, Boston Bar, Kanaka Bar, Lytton, Oregon Jack Creek, Skuppah, and Spuzzum. During the development of the Scuzzy Creek Hydro and Power project, Kanaka Bar and Skuppah were not members of the Tribal Council. Table 1 illustrates the current membership levels of each band.

Table 1 Nlaka'pamux Nation Tribal Council Membership

Community	On Reserve Population	Off Reserve Population
Ashcroft	100	144
Boothroyd	114	139
Boston Bar	81	176
Kanaka Bar	66	132
Lytton	758	1064
Oregon Jack Creek	27	33
Skuppah	69	33
Spuzzum	41	156

Source: This table was developed by the Nlaka'pamux Nation Tribal Council (2007).

For Chief Pasco and the Nlaka'pamux Nation Tribal Council, corporations must acknowledge whose territory they are looking to do business in and understand the Nation's interests. The principles are clear – Aboriginal title and rights to the territory. “The commitment to understanding these principles within the Nation's traditional territory is necessary prior to any fruitful discussions on business development taking place” (Pasco, 2007). Chief Pasco has been the leader of Oregon Jack Creek for 37 years and the Chairperson of the Nlaka'pamux Nation Tribal Council since 1982. He played a central role in the development of the Scuzzy Creek Hydro and Power project and was key in solidifying an equity position in the project.

There was a period of time where corporations conducted business within the Nlaka'pamux Nation's traditional territory and consistently striped the communities of their land and resources. In conversation with Chief Pasco, one quickly learns of the numerous examples where this has taken place. He follows this up with a passionate discussion about how the Nlaka'pamux Nation Tribal Council changed this trend in the early 1980's by stopping significant proposed developments in Nlaka'pamux territory by multinational corporations. For example, in 1985, the Nlaka'pamux Nation Tribal Council was successful in obtaining an injunction (Pasco v. CNR) at the Supreme Court of Canada to stop the Canadian National Railway from double-tracking within its traditional territory.

While the Nlaka'pamux Nation Tribal Council has stopped undesirable development in the past and expects to in the future, the chiefs understand the importance of desirable business development and the forming of strategic alliances to enhancing the aspirations and economic well-being of their communities. Debbie Abbott, Administrator for the Tribal Council, stated in an interview with the authors that “we don't want to always be stopping development, we just want to ensure that we have a meaningful participation in any development” (Abbott, 2007).

Scuzzy Creek Hydro and Power Project

Anyone traveling through the Fraser river corridor seeking a hydro plant would expect to see a dam similar to those spanning the Columbia river throughout British Columbia and Washington state, USA. These dams stop the flow of water in the river and devastate the fishery and environment. Scuzzy Creek Hydro and Power Incorporated (SCHP) does not use this type of technology. Furthermore, Scuzzy Creek is not inhabited by trout or salmon.

Scuzzy Creek Hydro and Power is a 6 megawatt run-of-river plant which utilizes the head available in the lower reaches of Scuzzy Creek, immediately above its confluence with the Fraser River. Scuzzy Creek is located approximately 7 km south of Boston Bar, British Columbia. The hydro-electric plant converts the kinetic energy of a flowing stream of water into electricity. Since the water is continually replenished by natural precipitation, hydro-electric energy is a renewable resource. The water is harnessed by a dam or diversion and is directed through a hydraulic turbine. The flowing water turns the turbine which is coupled to a generator to produce electricity. After passing through the turbine, the water is returned, essentially unchanged, to the stream or river. The project transmits the electricity it produces via an overhead transmission line that crosses the Fraser Canyon and connects to an existing BC Hydro substation in Boston Bar.

Strategic Alliance Formation with the Non-Indigenous Partner

In 1989, the crown corporation named British Columbia Hydro, called upon independent power producers to seek viable opportunities to produce power for both provincial consumption and export. BC Hydro was experiencing an inability to meet consumer demand for power while provincial budget constraints limited its ability to increase its capacity to meet that demand. BC Hydro accepted fourteen projects during that same year.

The Scuzzy Creek hydro-electric project was accepted by BC Hydro subject to an Energy

Purchase Agreement and an application for an Energy Project Certificate. The development of the project was being undertaken by Scuzzy Creek Hydro & Power Incorporated (SCHP). SCHP was incorporated on July 19, 1990 by venture capitalist Al Kotowick.

In 1990, Kotowick approached the community leaders of the Nlaka'pamux Nation Tribal Council for an Aboriginal review and approval of the feasibility design report for the Scuzzy Creek Power project. Kotowick understood the position held by the Nation with respect to development in their traditional territory. He felt it was in the best interest SCHP to approach the leadership for formal approval. The venture capitalist's intent included Aboriginal approval for the project in order to start development. It was not his intent to seek any form of strategic alliance.

The early stages of project development can be characterized as tumultuous, with several changes in ownership requiring the building of new relationships. Each change required the Nlaka'pamux Nation Tribal Council to communicate its title to the territory and the need to be a partner in the project. In 1993, all outstanding shares of SCHP were purchased from the original shareholders by Cogenix Power Corporation and Dr. Anthony Holler. Cogenix Power Corporation is a publicly owned developer of independent generating facilities. In addition to the Boston Bar hydro-electric project, Cogenix pursued the development of similar projects throughout North America and elsewhere. Dr. Anthony Holler was a physician practising at the University Hospital in Vancouver, British Columbia at the time of the purchase. In addition to his involvement with SCHP, Dr. Holler participated in a medical sciences company based in Vancouver.

Through a long negotiation process between the Nlaka'pamux Nation Tribal Council and SCHP, a strategic alliance was established in 1993. Chief Pasco (2007) highlighted this timeframe as significant because the project proponents began to recognize Nlaka'pamux title and rights and understood the inherent risk of the project being stopped by the Nlaka'pamux Nation Tribal Council. The communities comprising the Council would obtain a minimum equity position in the project of 25% with no exchange of financial capital. This situation affirms the major lesson in Hindle and Lansdowne (2007: 140) that Indigenous communities can pursue venture success without losing or eroding their heritage. In fact, Indigenous communities can use the preservation of heritage in the development of successful Indigenous ventures. Abbott comments

“it was really positive when just the first 25% of the partnership was based on the companies recognition of us having the title and rights and from there working towards a share structure. To originally get that acknowledgement [showed] we were on the right track” (Abbott, 2007).

The major issues facing the communities with respect to the project at this time included the level of inherent risk in the project and the inability to fund any equity position above the 25%. The communities were not in a position to fund the additional equity position and could not afford accepting the responsibility of the risks associated with the hydro project.

Shortly after the preceding ownership change and the inclusion of the communities in the ownership of the project, Algonquin Power Corporation Inc. purchased 50% of the outstanding shares of SCHP from Cogenix Power Corporation and Dr. Anthony Holler. Algonquin Power Corporation Inc. was a developer of independent power facilities specializing in hydro-electric generating stations. During this time, Algonquin Power Corporation had 19MW of independent generating capacity under management and 32MW of generating capacity under development. The share purchase left Cogenix Power Corporation and Dr. Anthony Holler with 25% ownership in SCHP. No individual directly or indirectly owned securities representing more than 50% of the voting rights attached to the outstanding voting securities of either Algonquin Power Corporation Inc. or Cogenix Power Corporation.

Through further negotiation, the strategic alliance took the form of a limited partnership (figure 1). The Boston Bar Limited Partnership (BBLP) was formed under the Limited Partnerships Act (Ontario) on June 18, 1993 and registered to conduct business in the Province of British Columbia on August 19, 1993.

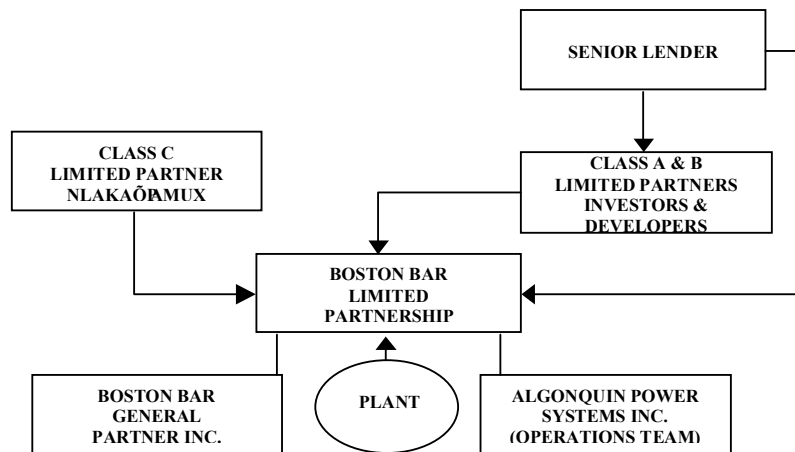
The Partnership agreed not to engage in any business other than the development, ownership and operation of this project. The General Partner would become the registrar and transfer agent for the Class A Units, Class B Units and Class C Units.

The head office and operations office of the Partnership and the General Partner is the Band Office, Boston Bar Indian Reserve, Boston Bar, British Columbia. The Partnership consists of 1,000 Class A Units, 1,000 Class B Units and 1,000 Class C Units. Table 2 illustrates how the project was funded. Class A units in the partnership were sold to investors providing the majority of the equity funding. Class B units in the partnership were held by Algonquin Power, Cogenix Power Corporation and Dr. Tony Holler in proportion to their share holdings of SCHP.

Table 2 Financing Breakdown

Class A and B equity investment	\$2,310,000
Class C equity investment	\$190,000
Term Debt	\$12,500,000
Total	\$15,000,000

Figure 1 Limited Partnership Structure



The rights of the General Partner, the Class A Limited Partners, the Class B Limited Partners and the Class C Limited Partners with respect to allocations of profits and losses and distributions of funds are described in table 3.

Table 3 Contribution of Profits and Losses

Share Class	1995-2002	2003 onward
Class A	55%	30%
Class B	30%	30%
Class C	15%	40%

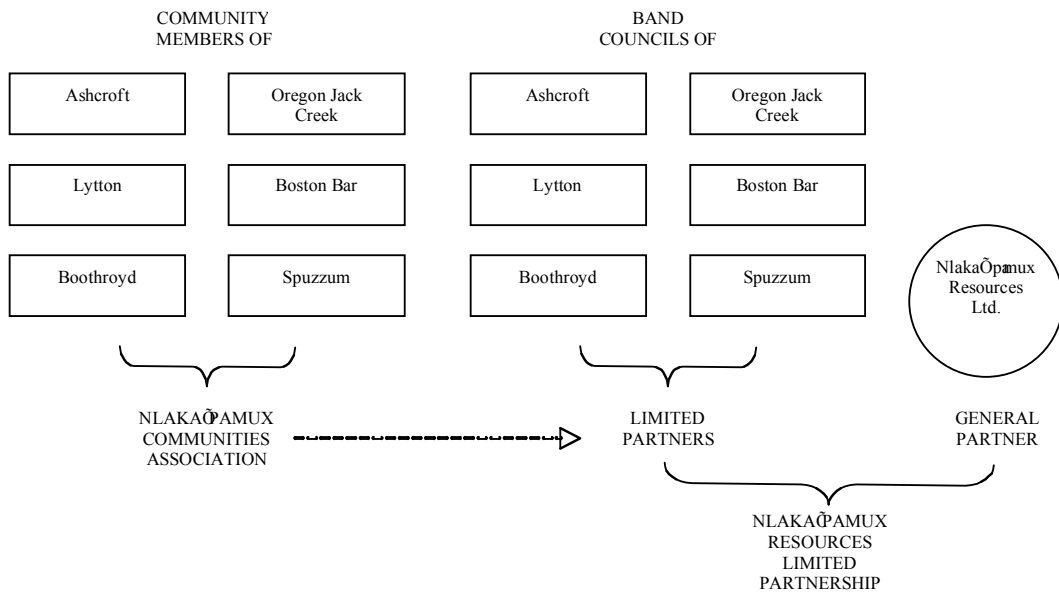
The Nlaka'pamux Nation Tribal Council would own the Class C shares. All parties agreed that the Class C shareholders would own 40% of the project from 2003 onward. The additional 15% was required

to be purchased from SCHP by 2003 allowing the communities to own 40% of the total project. The cost of the additional 15% equity position as noted in table 2 was \$190,000. This helped alleviate the problem of the communities raising capital to fund the purchase. Based on the cash flow projections over 25 years from the commercial operation date and a discount rate of 10%, the net present value of the Class C units was \$1.78 million.

Strategic Alliance Formation between the Nlaka’pamux Communities

Another partnership was formed (figure 2) prior to the commercial operation date of Scuzzy Creek Hydro and Power which included the Ashcroft Band Council, the Boothroyd Band Council, the Boston Bar Band Council, the Lytton Band Council, the Oregon Jack Creek Band Council and the Spuzzum Band Council. This limited partnership, known as Nlaka’pamux Resources Limited, subscribed for 1,000 Class C limited partnership units in the Boston Bar Limited Partnership and the funds received were paid to SCHP pursuant to the Agency Agreement. This structure alleviated the need to reduce the inherent risk of the project from negatively impacting the Nlaka’pamux Nation Tribal Council.

Figure 2 Nlaka’pamux Resources Limited



Scuzzy Creek Hydro Power – Outcomes 1994 to 2002

In 1995, the Boston Bar Limited Partnership had revenues from hydro sales exceeding \$1.2 million and net income over \$830,000. By 2005, revenues from these activities had exceeded \$2.7 million and net income reached \$2.5 million.

Key Success Factors

In October 2007, one of the researchers visited the Nlaka’pamux Nation Tribal Council, inspected Scuzzy Creek Hydro Power and interviewed key operatives, Chief Robert Pasco and Debbie Abbott, Administrator. The research effort utilized the case study protocol developed by Kayseas and Hindle (2007). In the interest of brevity, we cannot provide a complete outline of the case study methodology, the

data analysis, and the outcomes we identified. This case study should be viewed more as an initial exploratory investigation rather than a comprehensive fully completed research project. Accordingly, the ‘discoveries’ articulated in this section are points of departure. We list them as propositions that seem worthy of future, more systematic investigation.

Proposition 1 – *The establishment of a successful entrepreneurial Indigenous strategic alliance requires dual leadership* (Hindle et al., 2004).

Investigation of the success of Scuzzy Creek Hydro and Power illustrates the importance of several key leaders, both political and business, throughout the history of the venture. The Chiefs within the Nlaka’pamux Nation Tribal Council saw opportunity in actively participating through ownership in venture creation based on its title and rights to the territory. NNTC’s cultural authority is communicated directly from the chiefs and companies wishing to conduct business within the territory quickly understand the need for compatibility between the traditions of the Nlaka’pamux communities and business operations.

Chief Pasco is respected within the Indigenous community and the mainstream government. He has maintained a long tenure as Chief of Oregon Jack Creek and Chairperson of the Nlaka’pamux Nation Tribal Council. The Provincial Government of British Columbia appointed him to the Board of BC Rail, a crown corporation prior to being sold. His tenure on this board lasted 5 years from 1990 to 1995.

Proposition 2 – *The durability of a successful Indigenous strategic alliance with a non-Indigenous partner requires that partner to acknowledge whose traditional territory they plan on conducting business in.*

The long-term success of Scuzzy Creek Hydro and Power is in part to the non-Indigenous partners acknowledgement of the title and rights the Nlaka’pamux have to the territory. This equated to 25% ownership in the venture and the development of a strong partnership where each partner understands the value that each partner provides. Today, the partners are socially embedded based on the fact that when key operatives from the various partners are asked if they would create another venture with the other partners, the answer is in the affirmative. From the perspective of the Nlaka’pamux Nation Tribal Council, this is derived from Algonquin Power and Holler’s acknowledgement of their title and rights. Gulati states from a network perspective on alliances:

By channeling information, social networks enable firms to discover new alliance opportunities and can thus influence how often and with whom those firms enter into alliances. Once two firms decide to enter an alliance, their relative proximity in the network may influence the specific governance structure used to formalize the alliance. The extent to which two partners are socially embedded can also influence their subsequent behavior and affect the likely future success of the alliance. (Gulati, 1998: 311)

Proposition 3 – *The durability of a successful Indigenous strategic alliance is potentially more vulnerable to political change than is mainstream strategic alliances.*

Given the importance of dual leaders, Debbie Abbott was asked if a major point of vulnerability for Scuzzy Creek Hydro and Power was the constant changes in the political environment is the communities. Abbott indicated that this question illustrated the key problem and had brought this forward to the Chiefs for discussion during the initial stages of negotiating the share structure of the venture. Nlaka’pamux Resources Limited, owner of 40% of Scuzzy Creek Hydro and Power on behalf of the 6 Nlaka’pamux communities, is run by a board of directors. Elected political figures are not allowed to be on the Board. Both Chief Pasco and Debbie Abbott highlighted the importance of creating a process to capture the entire historical context of the project and utilizing it to inform newly elected political figures from the member communities.

CONCLUSION

The answer to what kinds of structures and policies work to encourage the design and implementation of successful strategic alliances in Indigenous contexts and the types of actions individuals and communities need to take in order to encourage the development of successful strategic alliances is an ongoing process. The extent to which the communities and leaders comprising the Nlaka'pamux Nation Tribal Council are embedded in the struggle to assert their title and rights over their traditional territory seemed to provide significant strength in ensuring an equity position as partner in the strategic alliance. Therefore, the design and implementation of an alliance is an important strategic action to assert control over the resources and land within its traditional territory. During interviews with key operatives within the Nlaka'pamux Nation Tribal Council, it was made very clear to the researchers that the time and resources dedicated to the design of an optimal alliance structure was significant and a primary reason for sustained success. Alliance success and therefore, alliance failure may be more significant than gains or losses in profitability for Indigenous communities.

Implications

There is a large, diffuse and often contradictory and confusing literature on strategic alliances and joint venturing in mainstream economic contexts but very little structured research on strategic alliances in Indigenous contexts has ever been performed. This leaves a gap in the information available for new research, policy makers and Indigenous governments. The research we have undertaken will attempt to fill this gap by providing an empirically based theoretical body of knowledge that will assist in the cumulative development of research in this area. In practical terms, the research will aid Indigenous governments in the design and implementation of strategic alliances.

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