

# AN EMPIRICALLY JUSTIFIED THEORY OF SUCCESSFUL INDIGENOUS ENTREPRENEURSHIP: CASE STUDY OF THE OSOYOOS INDIAN BAND

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## ABSTRACT

The Osoyoos Indian Band case study signals the beginning of a PhD research project that will take approximately three years to complete. Taken in isolation, the objectives for the Osoyoos case study are modest. We want to refine our theoretical model and improve the case study protocol before embarking on a set of 5 case studies to explore Indigenous entrepreneurship; what it is, what communities do to succeed and a generalized definition of a successful venture from an Indigenous Canadian perspective.

## INTRODUCTION

Canadian Indigenous<sup>1</sup> peoples are determined to rebuild their nations. Indigenous leaders recognize the imperative of improving the socioeconomic circumstances of the people they serve. The process that many have chosen to address this urgent issue is entrepreneurship. The authors have embarked on a program of research in an effort to understand these phenomena and to inform the process. The case study protocol and its operationalization on a Canadian Indigenous community is an early step in this undertaking.

The following case study on the Osoyoos Indian Band follows the case study protocols developed by Robert Yin. The authors reported on the initial findings and on the operationalization of the case study protocol in a previous paper (Kayseas, Hindle, Anderson Camp 2005). However, after thoroughly analysing the data we collected during our first visit we decided to refine the case study protocol and revisit the Osoyoos Indian Band with a more focussed and informed investigative strategy. Therefore, the following case study not only attempts to provide a more detailed and clearer 'picture' of this Indigenous community it also provides a more structured and organized framework to be used in the remaining five case studies.

A discussion of Indigenous Canadian entrepreneurship should begin with a description of their current circumstances in order to set the context for its need (entrepreneurship). However,

the authors and others have covered this topic extensively elsewhere (Anderson, Hindle, Dana, Kayseas 2004; Boldt 1994; Hindle, Anderson, Giberson, Kayseas 2005; Levitte 2004; RCAP 1996; Kayseas, Hindle, Anderson, Camp 2005; Wutunee 2002). Suffice it to say that Canadian Indigenous peoples believe that business development via entrepreneurship is an important means for addressing their current socioeconomic status. The paper is structured in the following manner. First we briefly describe the current state of Indigenous entrepreneurship research. Following that is a discussion of a set of theoretical issues of importance to this study. The case study of the Osoyoos Indian Band is then presented. Finally, there is a brief discussion of some of the implications for future research and some concluding statements.

### INDIGENOUS ENTREPRENEURSHIP RESEARCH

Literature specifically focussed on Indigenous entrepreneurship is slowly accumulating (see in particular the reference sections of: Anderson 1999; Anderson 2002; Anderson et al 2001; Anderson, Kayseas, Dana, Hindle 2005; Asch 1997; Black 1994; Cachon 2000; Chiste 1996; Cornell and Kalt 1992; Cornell and Kalt 1998; Dana 1996; RCAP 1996; Hindle and Lansdowne 2002; Kayseas, Hindle, Anderson, Camp 2005; Newhouse 2000 and 2002; Smith 1994. Moreover, studies that are germane to Indigenous entrepreneurship are appearing in a wide range of disciplines; anthropology; sociology; economics; and ethnography to name a few. There are also many studies that have been written on the general topic of the economic conditions in Indigenous communities (Coates 1996; Frideres and Gadacz 2001; Steckley and Cummins 2001; RCAP 1996). However, a coherent pattern of cumulative research has yet to be developed.

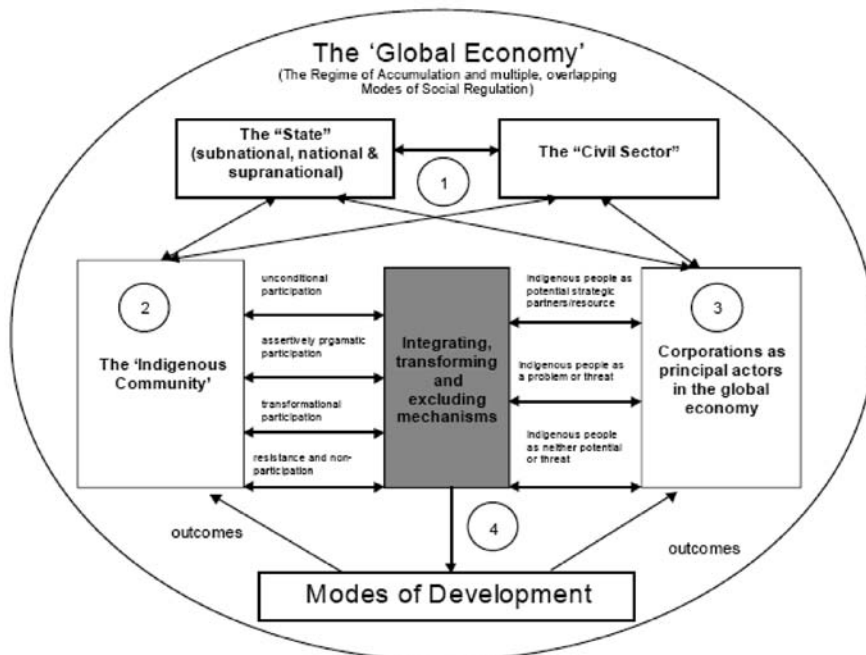
Indigenous entrepreneurship is an emerging field of research and study within the field of entrepreneurship research. Researchers interested in developing a better understanding of Indigenous entrepreneurship must essentially act as pioneers in the field. New theoretical frameworks must be developed, cumulative research efforts must begin, and the boundaries of Indigenous entrepreneurship must be developed (Hindle and Lansdowne 2002, pp. 1). There is still not yet a critical mass of researchers in this field.

### THEORETICAL ISSUES

The authors first empirical foray into the people and the community of the Osoyoos Indian Band was structured on a theoretical framework that viewed the object under study from a macro perspective. We examined the complex set of relationships and interactions between a group of people, in this case the Osoyoos Indian Band, with “the forces of the global economy” as they seek to develop their economy “on their own terms” (Kayseas, Hindle, Anderson, Camp 2005). This model examined three different ‘levels’ (see Figure 1), these include:

1. The impact of the state at all levels and the civil sector on the multiple overlapping modes of social regulation and therefore on participants in the global economy, and the influence of these participants on the state and the civil sector.
2. The community-in-question’s approach to economic development (in this case Aboriginal) including history, current circumstances, objectives, approach to participation in the global economy including strategies for participation, transformation and exclusion (and these are not mutually exclusive categories), and actual outcomes.

3. Corporate (as the usual representative of the regime of accumulation encountered by communities) responds to the community-in-question particularly motivating forces (including but not limited to the community's control over critical natural, human and financial resources and/or community members attractiveness as a market), strategies and objectives, and actual outcomes.



The framework was very useful in developing an understanding of how the Osoyoos Indian Band reacted and/or interacted with the state, civil sector and corporate Canada. Our use of this model provided the basis for making conclusions in respect to the Osoyoos community; 1) an Indigenous community can develop 'modes of development' that are shaped by the external forces and yet maintain a uniqueness and distinctiveness that clearly defines them as being Indigenous, and 2) once a community 'opts in' to actively participate in the global economy that success is possible – even when the community participates 'on their own terms' (Kayseas, Hindle, Anderson, Camp 2005).

However, the main objectives of the research involves gaining an in-depth understanding of what kinds of structures (institutional and otherwise) and policies work to encourage economic growth in Indigenous communities. Because of this, we discovered that our initial visit only provided a broad view, at a macro level, while we needed a more detailed, micro view of the community in order to understand what the variables are that we should be examining. We therefore 'revisited' the Osoyoos community in the summer of 2005. During this visit we utilized the same case study protocol as on the previous investigation. But, on this occasion we focused in on four variables that emerged not only from the data we collected previously but also from the existing literature of Indigenous entrepreneurship in North America. The

“theory building” methodology we used and will use throughout the case study component of this research was developed by Glaser and Strauss in their seminal treatise “The Discovery of Grounded Theory.” The grounded theory methodology allowed the authors to closely examine the data and allow the important variables to “emerge.” In this case the data mainly consisted of interview transcriptions from key informants that are leaders, managers and Elders from the community. The key informants included Chief Clarence Louis; Elder Modesta Betterton; Chris Scott, Chief Operating Officer and four others in various positions either at the administration centre or in a band owned business.

There were several consistent topics that were referred to throughout the interviews. Governance as it relates to systems of governance, leadership and the separation of politics from business; land claims, Aboriginal title, and the land tenure system that exists in many Canadian “Indian” communities; and resources, human, financial, natural and cultural. The following case study provides a brief background of each of these issues and how they affect or are addressed by the Osoyoos Indian Band.

### **THE OSOYOOS INDIAN BAND**

There are 614 bands on a total of 2,796 reserves<sup>ii</sup> in Canada. As of December 31, 2004 there were 117,958 registered status Indians in British Columbia (BC) with 58,061 living on-reserve and the remainder living in urban areas or in off reserve rural communities (INAC 2004, pp. 76). The Osoyoos Indian Band (OIB) is one of the 198 Bands in BC. It is located in the southern tip of the Okanagan Valley in south central BC. In fact the southern extremity of the 32,000-acre reserve is approximately 6 kilometres from the United States border.

The Band was formed in 1877. To date, there are a total of 435 registered members<sup>iii</sup> with 289 living on reserve, 44 Band members living on other reserves and the remaining 94 members live off-reserve (INAC 2004, pp. 66). Unemployment is almost nonexistent on the Osoyoos Indian Band. Band members are employed in a variety of businesses that the Band has ownership of, in part or wholly, and in businesses that are situated on the reserve through lease agreements.

The community has accomplished a great deal in the last decade. A good example of the strides the Band has made, in economic terms, can be seen by the amount of self-generated income the OIB now earns. In 1994, the Osoyoos Indian Band had revenues from commercial activities of \$1.3 million, by 2002 revenues from these revenues increased to \$14.3 million, a more than ten-fold increase. In 1994, the value of payments received from the federal government exceeded these self-generated commercial revenues. By 2002, self-generated revenues were seven times the amount of federal government payments. Source of income data from the 1986 and 2001 census confirms the increasing importance of employment income as a percent of total household income. In 1986, employment income accounted for only 28.1% of total household income among members of the band. By 2001, it had increased to 44.5%, an absolute increase of 16 percentage points and a percent increase of 58% (Kayseas, Hindle, Anderson, Camp 2005). Not yet self-sufficient, but clear progress towards the goal and a considerable accomplishment.

## Economic Development

For Chief Louie, economic development and the self-sufficiency it creates is the best way to secure the right of his people to be who they are, to take pride in their heritage and to protect the fragile desert landscape in which a good part of their cultural identity is forever rooted. Chief Louie believes that the most important aspect of their development plan involves the incorporation and respect for heritage, he says;

*... of course one of the best ways we demonstrate heritage and cultural importance (is) that we have some really valuable pieces of land here that we are not going to develop... there is big pieces of property that we could be making millions of dollars off of...we are just going to leave in their natural state especially that desert land that lakeshore property. There is roughly up to 1000 acres that we are probably just going to leave as natural state. If we were strictly capitalist or business people we wouldn't be doing that (Louis 2005).*

Through the Osoyoos Indian Band Development Corporation (OIBDC), the band owns and operates ten profitable enterprises – a construction company, sand and gravel company, forestry company, campground and recreational vehicle park, golf course, two housing developments and a grocery store. Along with the ownership of these businesses the OIB has several strategic partnerships that result in outside interests having part ownership of their businesses, for example Nk'Mip Cellars is partly owned by Vincor International. The relationship with Vincor International dates back almost 25 years. The OIB erected a building near their Inkameep Vineyard that it subsequently leased for 25 years to T.G. Bright & Co. (now Vincor). The building was equipped as a winery. This property has recently undergone a ten million dollar expansion. Donald Triggs of Chief Executive Officer of Vincor strongly believes in the partnership between Vincor and the OIB. He expressed his sentiments about this partnership as:

*"We have a very long and important relationship with the Band. Two-thirds of the employees in the Oliver winery are from the band. Our relationship goes back 25 years. Our winery is on band land. We now have vineyards developed on band land of over 800 acres. Our future in the Okanagan is very much intertwined with the future of the band" (Kayseas, Hindle, Anderson, Camp 2005).*

Another important strategic alliance is with Bellstar Hotels & Resorts. Bellstar Hotels & Resorts manages a collection of boutique resorts and hotels in various vacation destinations throughout Alberta and British Columbia. Bellstar recently entered into a long-term lease agreement with the OIB and is now in the first stage of building the Spirit Ridge Vineyard Resort and Spa, an approximately \$22 million-dollar development on reserve. The resort and spa opened 30 villas for operation by fall 2005. The villas have been rated as four star by Canada Select which makes it one of only nine four star rated resorts in British Columbia (Spirit Ridge 2005: electronic source). Spirit Ridge, when fully operational, will consist of 34 villas and 64 suites, along with a full-service spa, an outdoor pool, and equipment rentals like mountain bikes, scooters, a sport boat and a convertible sports car. The OIB will receive approximately \$250,000 a year for leasing approximately 3 acres for this development. Spirit Ridge Vineyard Resort and Spa is part of the OIB's 112 – acre Nk'Mip Project.

How did they get to where they are now? What did the community do that led to the creation of an environment where mainstream business feels comfortable investing millions of dollars in? What follows is a brief account of an empirical study that set out to answer these questions.

## BACKGROUND OF FIRST NATION/COMMUNITY

One important event occurred in the Osoyoos Indian Band's history that provides some basis for understanding different aspects of the community's current circumstances. This "event" is related to the attitude of Canadian government officials towards Indigenous people and their communities at the time of confederation; specifically, how agents of the government in the late 1800's exhibited that attitude in the Okanagan. This paternalistic attitude and the policies it spawned resulted in damaging Canadian Indigenous cultures and communities that are still apparent today.

### Colonization

The Indigenous people of Canada have a long history in the New World. There is archaeological evidence of habitation by Indigenous people as far as 15,000 years ago (Baker 1990, 21). The people of the Osoyoos Indian Band have lived in their traditional land for at least 5,000 to 7,000 years (Baptiste, S. 2005). Again, there is archaeological evidence that supports this ascertain (Baker 1990, 21).

Indigenous Canadians have a unique spiritual connection with the land. They interpret the land in myth, legend, song and dance that have been passed down from generation to generation. Oral traditions and archaeological evidence reflect how skilled First Nation people in the interior of BC were at harvesting the land's diverse resources (INAC 2004, pp. 1). Nk'Mip is the name of the traditional territory of the Osoyoos people. The ancestors of the current Band traveled in spring, summer and fall to their traditional hunting and gathering areas where they lived in portable tule-mat lodges, basically a tepee that is covered with rush mats (1). The men were responsible for hunting and fishing while the women dug roots and picked berries. During the winter months the Osoyoos people lived in underground pit-house villages – there are living examples of these homes at the Osoyoos Indian Band's Nk'Mip Project, a present day economic development venture. During the winter season, the Osoyoos people subsisted on dried fish, venison, roots and berries that were prepared for long-term storage. They also hunted big game and trapped small animals (1).

The lives of the Indigenous people of the Okanagan and Canada began to change soon after contact. One author characterized the Europeans arrival to the Okanagan territory as "harbingers of a coming change that would be so profound that it would shake to its foundations the Okanagan culture, a culture developed through centuries of association with the land and its environment" (Mellows, 1990, pp. 91). Unfortunately the "coming change" was not a positive one for the people of the Okanagan. Government policy towards Indians<sup>iv</sup> was designed to "control [the] Indian politically and alter them culturally" (Miller, 2004, pp. 110). A good example of the attitude of government officials responsible for the administration and management of the Indians could be found in the 1881 Annual Report of the Department of Indian Affairs, A.G. Howse, Indian Agent stationed at Yale, British Columbia wrote:

I have succeeded in convincing them of many erroneous ideas, and thus gained their confidence, which it is necessary to do first in all cases when dealing with there [sic] superstitious natives. I have visited the entire Agency twice, first in June and again in August and September. I have examined nearly every piece of land surveyed as an Indian reserve, with a view to ascertain the most suitable for agricultural and other pursuits. Many sections of land that have been given the Indians are not occupied either for farming, fishing or other purposes. The apparent laxity with which some of the tribes are affected I hope to overcome in time, and persuade them to adopt a more civilized habit of earning a livelihood (*Library and Archives Canada, 1881, pp. 172*).

The Indian Agent's attitude was part of a larger collective non-Indigenous view of the "Indian" as primitive and almost child-like. In addition, the general feeling by non-Indigenous Canadians was that the Indian had to be assimilated into mainstream Canadian culture. Therefore policies were created that "erected barriers" for Indians to actively participate in the economy. Boldt describes these policies as an interference of the normal evolution of the Indian economy (1993, pp. 225). There should have been an evolution from the traditional means of subsistence, hunting, fishing, and gathering to other forms of economic activities, for example, farming, ranching and industry. However, because of the government's "Indian Policy" Indians were prohibited from engaging in a variety of economic activities, like selling agricultural products off-reserve, they were, in effect, denied the opportunity to actively participate in the Canadian economy (225). The only recourse to avoid starvation was to rely solely on the government for food and shelter. In fact, one important component of the federal policy for Indians involved enfranchisement. If an Indian wanted to own land and/or get an education he or she had to give up their Indian status. The objective of this policy was to slowly integrate all Indians into mainstream Canada, thus absolving the federal government's fiduciary and legal responsibility for Indians (226).

The impact of these attitudes and policies could still be felt decades later. Chief Clarence Louis of the Osoyoos Indian Band summarized his position on this topic at a conference hosted by the British Columbia Economic Development Working Group:

For thousands of years Native people were a part of the local and regional economy. Yet over the last 100 years Natives have been marginalized and denied their right to provide for themselves and their families. If you go back 100 years in our territory you find a sustainable economy, a trading people who did business with people to the north and to the south. But the conditions after contact and the takeover of our affairs by the Indian Agent soon led to complete dependence on the Indian Agent office in nearby Vernon...Our major weakness...is all the leftover dysfunction from our colonial past – the control exerted over us by the Indian Act, the administration of our affairs by the D.I.A., family breakdown, the cycle of welfare, the victimization syndrome, the dependency syndrome are still with us today. We are like a Third World country trying to emerge from a colonial past. (*Louis 2001, pp. 8-9*).

The next four sections provide a brief introduction to four areas of interest that emerged from the data during the coding process.



## Indigenous Governance

The issue of governance in the Indigenous communities that form this study is of critical importance for several reasons. The first is that it is the band government that either engages in the entrepreneurial venture or facilitates its emergence by providing equity, land and/or the infrastructure needed to operate the business. Also, the primary unit of analysis throughout the initial stages of this research will be the “band.” The band will be the key unit of analysis for several reasons. The majority of statistics available on new and existing businesses and Indigenous communities people are focused on the band as opposed to the individual. Therefore the initial collection of statistical data will be easier using the collective as the primary unit of analysis. Also, the research aims to understand the conditions under which successful Indigenous entrepreneurship operates and that it will ultimately provide Indigenous leaders with a map to achieving successful, self-sustaining, and self-determined ventures – it is therefore a logical deduction to examine it within the context of the Indigenous community.

As stated above, there are 614 Canadian Indigenous communities that are legally recognized by the federal government as being a band. A Chief and Council, whose authority flows from its members and either from the Indian Act or a self-government agreement, govern each of these communities. Bands that have successfully negotiated and implemented a self-government agreement “control their own affairs and communities, and deliver programs and services better tailored to their own values and cultures.” There are fifteen bands or groups of bands that have reached the third and final stage of negotiations with the federal government and now govern under a self-government agreement (INAC, 2005B). All other bands operate under the authority of the 1876 Indian Act. The Indian Act has left a lasting legacy of problems for contemporary Indigenous governments, problems like; insufficient power and jurisdiction; excessive government controls; unclear lines of authority and accountability (the Chief and Council are accountable to INAC instead of their community); inadequate funding and training; lack of enforcement mechanisms; confusion about the impact of provincial laws; and confusion about leaders roles and responsibilities (Minister of Public Works and Government Services Canada, 2001, 9). This brief introduction provides the context of the environment that the Osoyoos Indian Band Chief and Council currently exists in.

### Governance and the Osoyoos Indian Band

Chief Clarence Louie has been the leader of his community for almost 20 years. During this time he has only been defeated by election once, this is quite an accomplishment when you consider that elections occur every two years! The community has an election system that has been in effect since the last hereditary Chief passed on in 1939. Elections are governed by Section 74 of the *Indian Act*. This legislation stipulates the composition of council, eligibility of voters, term of office, and process for filling a vacancy (Imai 1998, pp. 69-72).

The Osoyoos Indian Band has had very stable leadership over the last twenty years (refer to Figure 2). However, the Band only recently began the process of developing governance structures, like policies and procedures manuals. Chief Louie pointed out that the Band only took control of their administrative affairs in the late 1960's. He provided the following sentiment in regards to their governance systems:



*I look at most First Nations communities, even ours, we are still in the learning mode of how to properly run a governance system and how to be business people. We have a lot of catching up to do, a lot of learning to do (Louis 2005).*

As previously discussed (see Kayseas, Hindle, Anderson, Camp 2005) the Osoyoos Indian Band has been successful over the last ten years in the economic development of their community. The experience that has been gained from their economic development activities has permeated into the social, education and health areas of governance. For instance, many Aboriginal organizations across Canada provide a two-week paid holiday for all employees during Christmas. However, the OIB began to realize that there was an imbalance between the expectations of the staff in their for-profit businesses and the governance staff that mainly exist (ed) on grant funding. While all the governance staff received the two-week holiday this was not possible for staff in the businesses. The staff at Inkameep Construction couldn't shut down operations because of Christmas holidays due to contract obligations. This was also the case in other OIB businesses. There was also a recognition that because many of the social, education and health programs were reaping benefits from economic development activities that the staff in those program areas should also be evaluated in the same manner as the "economic development staff." Checks and balances needed to be created to gauge the effectiveness of governance staff in much the same manner that staff in the businesses are measured by the progress they make in a project or the amount of revenue they earn. Without these types of balancing structures there would be discord between the two areas – and this is not acceptable to the leadership of the OIB. There is no longer a mandatory two-week Christmas holiday at the Osoyoos Indian Band.

*You either depend on the under funded federal transfer dollars or you start making your own money, which we do here. We subsidize and top up every one of our social programs. But, like I've told Chris and Brian, our economic developments staff, I said, "I want you guys to really analyse our social spending. Yeah, we could be making all this money on the economic development (but) we can be wasting a heck of a lot of it on the governance side... in essence we have to run our governance like a business (Chief Louie, 2005).*

Most mainstream organizations define the immediate family rather narrowly. This is a concern in First Nations communities because it is contrary to the kinship systems many people of Indigenous cultures embrace. Most Indigenous Canadian cultures have been categorized as being of a "collectivist" orientation. Redpath describes this orientation using Hofstede's cultural dimensions that "broadly characterise cultures in terms of average patterns of beliefs and values" (Redpath and Nielson 1997, 330). The Osoyoos Indian Band proudly exhibits the collectivist value where "group interests supersede individual interests" and where a person's sense of identity is defined by relationships with family and extended family (328-3290). This is why a policy regarding the employees right to time off for family obligations must extend further than the immediate family. This cultural orientation will of course impact a variety of other important areas of governance – in both positive and negative ways. For instance, this broader definition of family must also be incorporated in the conflict of interest guidelines. Therefore, all Band members that sit on boards, i.e. education, health, and loans committee must declare a conflict when a client is a member of their 'family.' This will make governance difficult, at times, given the rather small population of the OIB. However, band leadership are cognizant of the issues

that have arisen because of the discord between this cultural value and the new, imposed values of mainstream governance and business. This recognition is “lighting the way” to a new form of governance at the Osoyoos Indian Band. One that encompasses the fundamental principles of business but also embraces aspects of the Okanagan culture that makes the people of the OIB truly Indigenous.

Some important categories began to emerge during interviews with band leadership, economic development staff, business managers, and an Elder. These categories are related to the institutions, policies and procedures, and structured processes the Band membership feels are important to the effective governance of the Osoyoos Indian Band. For instance, the Chief Operating Officer, Chris Scott briefly reviewed the situation when he started working for the OIB:

*Let me take you back just a bit. First of all in 1997, Osoyoos Indian Band, I had just joined the community... they had not used conventional financing. They were a community which still had relatively good employment but they had not expanded out of their existing business or made more sophisticated existing businesses in terms of making them competitive with other businesses in the same fields. The band made application for a casino... We prepared our RFP's with a company from the United States and we made the application and it was a very good application. But we got politically intercepted. We did not make the grade. The RFP was not accepted. We reached a crossroads then. In 1998, I remember talking to Clarence and he says well the casino was just one of the anchoring components why don't we build the destination resort and maybe the casino will come afterwards and I said good. So I also suggested to Clarence at that time I thought we should change the corporate structure and create a corporation which would manage all the businesses. It has always been my observation in the year and a half that I had been in the community by then that the political interference was horrendous, horrendous! Every single problem, every employment issue, every request there was a line up of people going in to see Clarence (Scott, 2005).*

Leaders of the community recognized that there was a need to separate the politics from the business activities of the band. Thus the Osoyoos Indian Development Corporation was created in 1998. Chief and Council have majority voting rights on the board and the Chief is also the Chief Executive Officer of all the businesses. Other board members include a group of advisors that are an integral component of the board. The advisors to the board are Chris Scott, COO, and five other non-Aboriginal persons with expertise in certain areas.

In summary, the Osoyoos Indian Band has only recently initiated the development of policies, structures, and institutions of governance. There is no Osoyoos Indian Band constitution, therefore leaders must govern using the *Indian Act*. Further, the Osoyoos Indian Band Development Corporation is only seven years old and the community is still in the early stages of policy development, both on the business side of operations and in the governance area. However, the band is still very successful, relative to other Canadian Indigenous communities.

## Land

The issue of Aboriginal land is a contentious issue in British Columbia. In fact, because of its “historical and economic dimensions”, the land issue is of considerable political importance and “indeed may well become, at one point or another, the issue that shapes the future of the province” (Coates 1992, 11). Much of British Columbia remains “unceded” by treaty – which has created uncertainty for both Indigenous and non-Indigenous people. The overarching issue involves Aboriginal title, its existence, its current status, and its content (15). Regardless of what the outcome is in this conflict the Osoyoos Indian Band has already addressed the issues of land, at least in respect to its current development objectives. However, the band continues to struggle with two land claim settlements that were filed with the Specific Claims Branch of Indian and Northern Affairs Canada in August of 2005.

The band has already been successful on three different occasions regarding three separate claims. One involved a claim by 22 bands that arose from events that occurred in 1966. Two other claims involve flooding of reserve land and the “cutting off” of land from the community (INAC, 2005c, 103). However, these settlements did not translate into large financial gains. In fact the largest settlement the band received for any land claim settlement was three million dollars (*George 2005*).

The Osoyoos people are still governed in many respects by the Indian Act. The band negotiates all lease agreements under the rules and regulations of this legislation. There are only two ways that a non-“Indian” can be legally in possession of reserve land. Section 58 (3) allows the Minister to lease land in possession of any Indian for the benefit of the Indian (Imai 1998, 60). And, Section 28 (2) provides the authority to the Minister to issue a permit authorizing any person to occupy or use reserve land (Imai 1998, 35). In order for developers to gain access to reserve lands a head lease must be negotiated between representatives of the First Nation, the Department of Indian and Northern Affairs, Lands and Trusts Services and the developer. Payments on the lease will go to INAC then be transferred to the First Nation. And, before 1988 a surrender of the reserve land, which basically converts the land to fee simple ownership, had to be ratified by the majority of band members before land could be leased.

The leasing issue is of particular importance in the context of the Osoyoos Indian Band because they have utilized leases, a rather unorthodox practice for Canadian bands, to create a revenue stream that has provided many benefits to the band. The Chief Operating Officer described the rationale for using leasing as a revenue generator:

So it is really more a matter of making sure that you release the capital that has been for so long, what is the terminology? Trapped capital. You know the fact that it is capital for First Nations (the land) is basically burdened with DIA...Nobody goes by without talking about the escalating real estate values in this country and how land prices have been going up 20, 25, 35% or more annually. And here (on-reserve) real estate gets locked and its not allowed to have the same leveraging effect or the same opportunities for being able to enjoy that elevation in value (*Chris Scott, 2005*).

The Osoyoos Indian Band have released their “dead capital” by leasing it to outside interests. Hernando De Soto recently published a book concerning the “dead capital” of the world. The dead capital De Soto is referring to is all of the real estate, lands and buildings, that are trapped within countries that do not have the capacity or the processes to convert the “economic potential of a house into capital” (De Soto, 2000, 46). The key process that allows the west to be so wealthy relative to 80% of the world’s population is well-defined, well-structured, and legally entrenched property rights and systems. While De Soto is right to say that the west has the keys to releasing the economic potential of real estate, he, however should have clarified that those keys do not exist on lands that have been designated as an “Indian reserve” in Canada. Reserve lands are like oases surrounded by the riches of the west, acres and acres of “dead capital” well within reach of the systems and processes that allow others to create immense wealth. In fact, in a 1999 study on the cost of doing business on reserve lands the consultant group, Fiscal Realities, found that the cost of setting up a new business on reserve land was, on average, four to six times higher than on off-reserve land (1999, 1). And, because of the higher costs of doing business and the fact that approvals and negotiations too much longer for on reserve ventures that investors would be deterred from getting involved in projects with Canadian bands. Of the six “impediments to successful developments” the first fits well with De Soto’s thesis – “absence of regulatory harmony, certainty, and jurisdictional certainty” (Fiscal Realities 1999, 2).

Therefore, the Osoyoos Indian Band’s Chief Operating Officer, and one of the keys to success according to Chief Louis, understands very well the concept of trapped capital. In fact, he and the Osoyoos Indian Band have mobilized their real estate assets from potential capital into annual revenues – even while it is still under the authority of the Department of Indian Affairs!

### **Culture and Development**

Many Inuit, Métis, and Indian people are dismayed by the threatened extinction of traditions, languages, knowledge and skills. The sheer loss of ancient beauty is appalling enough, but aboriginal people’s fear is heightened by the manner in which traditions are being lost. Aboriginal ways are being lost at a time when little is known about how to local traditions may be useful in contemporary society. While aboriginal skills and knowledge are being lost, they are not being replaced at the same rate with skills and knowledge of superior or even equal utility. Finally, traditions are being overwhelmed by wholly undesirable social pathologies. These are all dimensions of the same problem, and approaches to cultural development aim at revitalizing tradition, or at adopting innovations to complement tradition, or at healing the wounds left when traditions were drowned in the flow of history (Elias 1991, 137).

The preceding quote is the introductory paragraph from a chapter dealing with the issue of cultural development in Canadian Indigenous communities. The author captures two important points in this statement – two points that we found very relevant to the study that is the topic of this paper. The first issue involves the reconciliation of heritage with contemporary Canadian society. While Indigenous Canadian’s desire to improve their socio-economic conditions – they also desire to do on their own terms (Kayseas, 2005, 12). And, secondly, the author implicitly states that Canadian “aboriginals” believe that heritage is of vital importance and should be protected and maintained at all costs.

The Osoyoos Indian Band provides an excellent example of an Indigenous community that has created a mode of development that has been shaped by many external forces and yet still has a look and feel that is purely Indigenous. Chief Louie strongly believes in the maintenance of heritage and culture. This value extends further than the creation of language programs for young students, there is such a program offered to youth of the band and to non-Indigenous students that attend the band schools. The importance of heritage and culture even extends to the operations of the band's businesses. For example, the following quote provides an indication of Chief Louie's strong beliefs in this respect:

...when people come here (Inkameep Canyon Golf Course) they are going to know that they are on a First Nations golf course. And yeah we may lose some customers over it but I would rather have a company that breaks even and showcases First Nation heritage... you know you are in a First Nations business, than have a business that says you have a lot of money but you have sold out and you have nothing there to identify that you are in a First Nations business (*Louis 2005*).

The band has done many things in the last decade that have positioned their community for growth and prosperity. One of the main themes that emerged from the interviews and search of documentary evidence is the importance of heritage and tradition to the people of Osoyoos. There is a real threat of a total loss of the Okanagan language in the Osoyoos community. And as the band gets involved in increasing amounts with mainstream Canadian economy there is increased opportunities (or threats) to the loss of the "Indigenous" way of living. However, Chief Louis strongly believes that heritage and culture can be maintained while engaging in business ventures where the main markets are non-Indigenous. The following quote encapsulates on way that Chief Louis believes they can integrate Indigenous beliefs and values into mainstream business:

I would rather have business that have most or all First Nations employment and even lose a little money...But, I would rather have a company that loses money but still has the ability to stay open but has the majority or all First Nation employment, than have a company that makes a lot of money yet has very little or no First Nation employment. You know, I always make that point here to our economic development people, that as long as the company is able to sustain the losses with First Nations employment that's fine with me...To me I would put a company at the bottom of the list that doesn't have the majority or all First Nation employment as opposed to one that is making money with no native employment (*Louis 2005*).

This statement provides a good example of what constitutes a successful venture in the hearts of the Osoyoos Indian band. It also provides evidence of how an Indigenous community is willing to maintain their "collectivist" orientation even while in competition with mainstream Canadian business. As stated in an earlier section – it is actions like these that will ensure the Osoyoos Indian Band's maintenance and strengthening of their Okanagan culture. It remains to be seen if these actions, beliefs and values can be strongly held to and at the same time enjoy long term financial success in competition with non-Indigenous business.

## IMPLICATIONS FOR RESEARCH

Research completed by Stephen Cornell and Joseph Kalt for the Harvard Project on American Indian Economic Development has been cited by a wide variety of researchers in Canada (for example; Levitte, 2003; Wutunee, 2000) and in Canadian government commissioned reports (for example; Graham and Edwards, 2003). In their 1992, *Reloading the Dice: Improving the Chances for Economic Development on American Indian Reservations* the authors report on the findings of a very large study with the objectives to; explain why tribes differ in their economic development strategies; the outcomes of their choices; and to discover what it takes for self-determined economic development. Their research indicates that sustainable development on American Indian reservations only occurs after sound political and economic institutions and overall development strategies are in place. The Harvard study will provide many avenues of exploration for the authors of this study – however, the applicability of some of the conclusions may be in question – at least in regards to Canadian Indigenous communities.

Cornell and Kalt develop a very solid argument for what works and what doesn't in the sustainable economic development of American Indian tribes. However, their conclusions seem very linear, without much room for deviation. For instance, the statement, "we believe the available evidence clearly demonstrates that tribal sovereignty is a necessary prerequisite of reservation economic development" clearly indicates a strong penchant for a linear process (Cornell and Kalt, 2003, 54). The authors assert that tribes must have a level sovereignty and/or self-government, or at the very least strongly assert their sovereignty, before sustainable economic development can occur. Our preliminary evidence suggests that there are Canadian Indigenous communities that have engaged in economic development activities that have so far been successful, and that these communities have done this within the restrictive confines of the *Indian Act*.

Cornell and Kalt also stress the importance of ensuring there is a fit between the culture of the Indigenous community that is engaging in institutional development and the political structure that is ultimately created. They state that their "research indicates that such support (political) depends critically on achieving a match between the formal institutions of governance on the one hand and the culture of the society on the other" (18). Again, we have found evidence of a community, not the Osoyoos Indian Band, but another case study, that has structured itself, politically and organizationally, as a corporation. The Chief and Council act more as a board than leaders of a Canadian band and everyone reports to a Chief Executive Officer. This community has successfully engaged in economic development activities using a political and organizational structure – and decision-making rules – that are clearly not Indigenous in origin. Again, this contradicts the conclusions of the Harvard study – at least in this one community.

Of course more research and analysis is needed before we can make definite conclusions regarding the fit of Cornell and Kalt's research to Canadian Indigenous communities. However, preliminary analysis clearly shows that their research may not be transferable from American Indian tribes to Canadian bands. This certainly provides a new way of examining the data we collect for the research project we have embarked on.

## CONCLUSIONS

The purpose of this paper was to revisit the Osoyoos Indian Band with the objective to refine the case study protocol. This would allow us to obtain higher quality data from the remaining five case studies. We believe that this refinement process opened up many different avenues of research and allowed us to develop an initial framework of suspected relationships for this study. It is postulated that Indigenous communities that create an environment conducive to the development of successful entrepreneurial ventures will be a function of the levels of and interactions between three variables: governance, land and property rights, and prevailing paradigms (culture is one component of this). We suspect there will be other important categories that will require the same attention, however our initial findings provide a useful framework to build upon.

## NOTES

- <sup>i</sup> Note, following Hindle (Hindle and Lansdowne, 2004: 2) as a mark of respect to Indigenous nations, communities and individuals, the word 'Indigenous' will always be used with a capital 'I' whenever it is used as an adjective referring to human beings or the activities – such as entrepreneurship – which they conduct.
- <sup>ii</sup> The distinction between a Band and a reserve is provided in the *Indian Act*:  
 A **reserve**: "...means a tract of land, the legal title to which is vested in Her Majesty, that has been set apart by Her Majesty for the use and benefit of a band, ..." (Imai, 1998, 15).  
 A **band** simply refers to "...a group of First Nations having a historical connection and a common interest in land and money" (Frideres and Gadacz, 2001, 58). Historically, 'bands' were made up of small groups of families who lived as a single entity. The contemporary meaning of the term 'band' has evolved to describe the administrative unit at each First Nation community legally recognized by the Indian and Northern Affairs Canada.
- <sup>iii</sup> A registered band member is an individual that is on the Indian Register – thereby signifying acceptance by either the Department of Indian Affairs or the Band that the band member is assigned to.
- <sup>iv</sup> The term Indian is used because it is a legal term that describes persons who are recognized as being Indian and entitled to the requisite benefits.

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