

An Empirically Justified Theory of Successful Indigenous Entrepreneurship

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Principal Topic

There is an abundant and rapidly growing literature-books, professional reports, government studies, academic treatises, and news articles-reporting on the current circumstances of Indigenous peoples in Canada and the historical development which produced those circumstances. Anderson (2001: 1) has characterized the social and economic circumstances of many Indigenous communities as 'abysmal'. Frideres and Gadacz (2001: 90) have also reported very alarming conditions in relation to the socio-economic status of Indigenous people across Canada. Frideres and Gadacz describe four factors; income, labour force participation, occupational status, and education as key indicators of the quality of life a given segment of society. Indigenous Canadians living on reserves rely more on government transfers; earn less employment income; have a lower labour force participation rate than other Canadians; and are largely excluded from the benefits of education. Armstrong (1999: 5) refers to level of schooling, employment rate, income level, and housing as indicators of well-being. He concludes that 32 percent of all registered Indigenous people in Canada are below average in all categories. The Royal Commission on Aboriginal Peoples (RCAP 1996: 2) summarizes the contrasts between Indigenous people and non-Indigenous people in Canada: life expectancy is lower; illness is more common; human problems, from family violence to alcohol abuse, are more common; fewer children graduate from high school; far fewer go on to colleges and universities; the homes of Indigenous people are more often flimsy, leaky, and overcrowded; and fewer Indigenous people have jobs.

A recent Canadian study examined ten First Nation community's development strategies. A general consensus was found to exist that holds that economic self-sufficiency would only be achieved through the establishment and growth of businesses within their community's (Loizides & Wutunee, 2005, 1). In his study of Aboriginal entrepreneurship in British Columbia McBride also observed the increasing use of entrepreneurship as a means of creating wealth, jobs, lessening the dependency on government funding and to increase control over their future (McBride, 2004). Another recent study found that the costs of moving a business idea from the conceptual stage to reality is six times higher "on-reserve" than it is "off-reserve" (Fiscal Realities, 1999, 1). Indigenous leaders have long realized the need to remedy these circumstances. They have recognized the complete and utter failure of the social welfare system that was imposed upon them. And, today, many Indigenous leaders have initiated efforts to break this cycle of dependency. The authors are embarking on a program of research in an effort to understand Indigenous entrepreneurship in Canada and to inform the process.

Methodology/Key Propositions

The primary objective of the research is to understand the conditions under which successful Indigenous entrepreneurship operates. A better understanding of these conditions will ultimately lead to situations where Indigenous leaders can better predict the path to achieving successful, self-sustaining, and self-determined ventures (Cornell and Kalt 1998: 5). The proposed research will provide a conceptual map for Indigenous entrepreneurs, political leaders (both Indigenous and non-Indigenous), and economic development officers. The map will illustrate the conditions that need to be present for a successful entrepreneurial venture.

Results and Implications

Six case studies were conducted on a sample of Canadian Indigenous "Bands". The Council for the Advancement of Native Development Officers awarded the "Economic Developer of the Year Award" to three of the

Bands. The three remaining cases were chosen for their theoretical replication possibilities. Each of these communities are geographically close to one of the award winning communities; each must deal with the same sub-national, national and supranational governments, and civil sector, yet the second set of communities do not exhibit the outward signs of 'economic success' the first do, there is little or no economic development initiatives, average income is lower as are employment levels. Flowing from these six case studies, a grounded theory of the conditions that Indigenous "Bands" need to create within their communities was created using the constant comparative method.

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