

**ACCOUNTABILITY AND THE SEPARATION OF
BUSINESS AND POLITICS IN CORPORATE-
ABORIGINAL PARTNERSHIPS**

by

Matthew Bourke
Bachelor of Business Administration
Simon Fraser University

PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF PUBLIC POLICY

In the
Faculty
of
Arts and Social Sciences

© Matthew Bourke, 2005

SIMON FRASER UNIVERSITY

Spring 2005

All rights reserved. This work may not be
reproduced in whole or in part, by photocopy
or other means, without permission of the author.

APPROVAL

Name: **Matthew Bourke**
Degree: **M.P.P**
Title of : **Accountability And The Seperation Of Business And Politics
In Corporate - Aboriginal Partnerships**

Examining Committee:

Chair: Nancy Olewiler

Nancy Olewiler
Senior Supervisor

Kennedy Stewart
Supervisor

Jon Kesselman
Internal Examiner

Date Approved: Thursday March 31, 2005

SIMON FRASER UNIVERSITY



PARTIAL COPYRIGHT LICENCE

The author, whose copyright is declared on the title page of this work, has granted to Simon Fraser University the right to lend this thesis, project or extended essay to users of the Simon Fraser University Library, and to make partial or single copies only for such users or in response to a request from the library of any other university, or other educational institution, on its own behalf or for one of its users.

The author has further granted permission to Simon Fraser University to keep or make a digital copy for use in its circulating collection.

The author has further agreed that permission for multiple copying of this work for scholarly purposes may be granted by either the author or the Dean of Graduate Studies.

It is understood that copying or publication of this work for financial gain shall not be allowed without the author's written permission.\

Permission for public performance, or limited permission for private scholarly use, of any multimedia materials forming part of this work, may have been granted by the author. This information may be found on the separately catalogued multimedia material and in the signed Partial Copyright Licence.

The original Partial Copyright Licence attesting to these terms, and signed by this author, may be found in the original bound copy of this work, retained in the Simon Fraser University Archive.

W. A. C. Bennett Library
Simon Fraser University
Burnaby, BC, Canada

Simon Fraser University



Ethics Approval

The author, whose name appears on the title page of this work, has obtained human research ethics approval from the Simon Fraser University Office of Research Ethics for the research described in this work, or has conducted the research as a member of a project or course approved by the Ethics Office.

A copy of the approval letter has been filed at the Theses Office of the University Library at the time of submission of this thesis or project.

The original application for ethics approval and letter of approval is filed with the Office of Research Ethics. Inquiries may be directed to that Office.

Bennett Library
Simon Fraser University
Burnaby, BC, Canada

Abstract

A case study approach is used to explore the hypothesis that variation in community resistance to corporate-Aboriginal partnerships is dependent upon First Nation governance processes. Following a systematic review of three forestry sector case studies, this study identifies tradeoffs that should be considered by First Nation leaders choosing from alternative processes for pursuing corporate-Aboriginal partnerships. While it is accepted that the appropriate mix of processes will vary across communities, the following best practices are recommended for consideration by First Nation leaders: (1) community concerns should be incorporated into business plans, (2) day-to-day business decisions should be made independently of band politics, (3) the transfer of management capacity to the community can only be achieved when hiring is based on both individual merit and community affiliation, and (4) gradual relationship building among partners allows for the development of acceptable agreements.

Executive Summary

Purpose

Corporate-Aboriginal partnerships are an important tool in Aboriginal economic development. In pursuing these relationships First Nation leaders must find a way to balance community concerns and interests with those of the corporate partner. In order for the partnership to be successful, business entities should be allowed to operate in a manner that is free from political interference. However, this separation of business and politics must be developed in a manner that ensures true accountability to the community. Appropriate governance processes such as consultation policy, reporting relationships, human resource practices and partner selection criteria are the key to achieving this balance between accountability and efficiency.

This study:

1. Explains the variation in community support for corporate-Aboriginal partnerships through an examination of First Nation governance processes;
2. Identifies tradeoffs for consideration by First Nation leaders in selecting processes for pursuing corporate-Aboriginal partnerships.

Case Study Analysis

A systematic review of three forestry sector case studies is used to identify the relationships between First Nation governance processes and the degree of community support for a corporate-Aboriginal partnership. In order to measure the historical level of community resistance in each case, this study relies on published case studies, newspaper articles and elite interviews with actors on both the corporate and Aboriginal sides of the partnership. Cases presented in the study are assigned a community resistance score based on the criteria presented in Table E1 below.

Table E1: Criteria for Measuring the Level of Community Resistance

Case study	“Degree” of Community Resistance	Blockade?	Resistance Indicated in Newspaper Search/ Interview?
Wapawekka Lumber – a Partnership between the Woodland Cree First Nations and Weyerhaeuser	No Community Resistance	NO	NO
Nabakatuk Forest Products Inc. – a Partnership Between the Waswanipi Cree and Domtar Inc.	Mild Community Resistance	NO	YES
Mistik Management – a Partnership Between NorSask Forest Products and Miller Western Pulp	Strong Community Resistance	YES	YES

This study investigates four variables that are believed to impact the level of community resistance to a corporate-Aboriginal partnership. These variables include: legitimacy and voice (consultation processes), management structure (reporting relationships), performance (human resource policies), and fairness (partner selection criteria). This study found that certain governance processes, such as gradual relationship building with the corporate partner and inclusive planning processes founded upon education and participation, encourage successful corporate-Aboriginal partnerships that encounter minimum resistance and balance accountability with the separation of business and politics.

Issues for Consideration when Selecting Among Alternative Processes

While the case studies presented in this study do indicate that it is possible to maintain accountability while separating the business and political spheres, it is not clear that such processes are feasible or desirable in every community. Criteria such as cost, timeliness and impact on business relations with the corporate partner may limit the application of various processes in a particular community. After conducting an analysis that considers such factors, this paper identifies the following four major decisions that First Nation communities face when selecting processes for engaging in corporate-Aboriginal partnerships.

Decision #1: Will the Approach to Planning be Rooted in Democracy or Technical Know How?

This analysis assumes that technical planning will be required in all cases. Thus, the decision is whether the positive impacts of democratic planning processes, such as those achieved in the case of Nabakatuk, outweigh the costs. In the case of Nabakatuk, community members were organized into focus groups that were responsible for analyzing various components of the proposal from Domtar. Unfortunately, it is not clear if this particular process should be applied in each community. What is clear is the importance of some mechanism that ensures community voice in economic development. The Meadow Lake Tribal Council experienced the strongest degree of community resistance of all partnership case studies presented in this study. Of the four governance principles examined, legitimacy and voice had the most important influence on the community's reaction to the venture. Through NorSask, the MLTC forged ahead with their partnership with Millar Western before sufficient consultation and education of the community had taken place. Sources consulted for this study repeatedly admitted that the First Nation partner attempted to learn along the way because nothing like this had happened before. As one source put it, the venture entailed a "continual learning process" (Interviewee C, 2005). The research conducted for this study indicates that under no circumstances should business decisions that impact community members be made without undertaking some form of inclusive planning process.

Decision #2: How will Accountability be Ensured?

In general, First Nation Leaders can choose from three alternative management structures for organizing reporting relationships, delegating authority and ensuring accountability. These include: internal management, management by independent development corporation, and management by subsidiary development corporation (Lewis et al. 1992). The benefits and drawbacks of each management structure are presented below.

Internal management may be appropriate for small projects. It can provide band government members with an opportunity to gain experience and skills and to build self-confidence in business dealings. If the venture is sufficiently small, this option may be preferable to external management and management by subsidiary development corporation, which carry the costs of establishing a management team that is separate from the band government. However, internal management does not create a separation between business and politics.

It should be recognized that a strong separation of business and politics is difficult to achieve and carries some considerable drawbacks. Many contend that local politics are always a

part of band owned businesses (or partnerships), no matter how the venture is managed. It is argued that independent development corporations try to ignore community tensions rather than face up to them. Other concerns are raised around the fact that independent corporations may be seen as a second band council. This can create strong division among band members as some people choose sides and each organization struggles for power in the community (Lewis et al. 1992).

Management by independent development corporation has been implemented in a number of U.S. native communities with mixed results. In some cases, power struggles between development corporations and band councils have put significant stress on band businesses. The realization that a true separation of business and politics is not possible or beneficial is likely the reason why independent development corporations are seldom found in Canadian communities (Lewis et al. 1992).

Management by a subsidiary development corporation attempts to address the negative impacts of internal management and management by independent development corporation. The corporation takes administrative burden off the band government while it also provides chief and council with the ability to influence policy and major decisions. Under this structure, the development corporation board of directors reports to the chief and council. Council sets policy and selects the board of directors (Lewis et al. 1992).

Decision #3: What will be the basis for Hiring Decisions?

While it is assumed that merit will always impact hiring decisions in some way, there remains the question of whether or not merit will be the only criteria used for hiring decisions. Other criteria such as hiring a pre-determined number of workers from a particular community may also play a role in hiring decisions. In the case of Wapawekka, Weyerhaeuser made no commitments to hire a pre-determined number of employees from each community, basing hiring decisions instead upon merit alone. The calibre of workers recruited enabled Wapawekka to successfully train the workers in all areas of the mill prior to opening. As a result of this training, staff members were able to raise ideas for innovation and contribute to the management of the mill. In short, the recruitment of capable candidates at Wapawekka helped to encourage the transfer of management capacity from the corporate partner.

The experience at Wapawekka reveals the importance of hiring practices that are based on merit. In the case of Wapawekka, hiring based on “merit” meant hiring individuals with the skills or capacity to learn the skills that are required for workplace success. However, it is

important to ensure that community members feel they are receiving a fair proportion of the benefits. It is clear that hiring policies will vary with the workforce available in each community. In some cases it may be appropriate for basic skills training providers in the community to work with the new business in order to assist with the integration of community members into the business.

Decision #4: What will be the Basis for Partner Selection?

It is assumed that benefits will flow to each partner as a result of the partnership. The question is whether the benefits of slowly building a relationship built on trust and mutual understanding are worth the time and expense. In the case of Wapawekka, the engagement period between Woodland Cree Resources and Weyerhaeuser lasted over five years before the mill opened its doors in 1999. During the interviews, representatives from both the First Nation and the corporate side indicated that the strong relationship between the partners enabled the success of the partnership. According to Weyerhaeuser, “the fact that Wapawekka has performed well, despite the softwood lumber duties, is a testament to the partners” (Interviewee G, 2005).

Slow relationship building also occurred in Waswanipi where the period between initiation of talks and opening Nabakatuk lasted over three years. According to Domtar, the “community had begun to realize that it was in their best interest to deal with Domtar” (Interviewee F, 2005). The experiences of Wapawekka and Nabakatuk both indicate that relationship building is crucial to a successful corporate-Aboriginal partnership.

The case studies indicate two ways of approaching this relationship building. In the case of Wapawekka, small contracting relationships were used during the engagement period before launching the mill project. In the case of Nabakatuk, the negotiation process was drawn out over several years so that community members could truly understand issues, raise concerns and influence the final agreement. According to a representative from Waswanipi, “all the aspects had to be explained and understood... the process in Waswanipi involved numerous, and I mean numerous, general assemblies. More than one every three months” (Interviewee E, 2005).

Dedication

To my wife Heather for her support and tireless proofreading efforts throughout this degree.

Acknowledgements

Thank you to my supervisors Dr. Kennedy Stewart and Dr. Nancy Olewiler for their valued direction and support throughout the development of this Masters project. I would also like to thank my external examiner Dr. Jon Kesselman and the eight individuals who participated in the elite interviewing conducted for this project.

Table of Contents

Approval.....	ii
Abstract.....	iii
Executive Summary	iv
Dedication	ix
Acknowledgements.....	x
Table of Contents	xi
List of Figures.....	xiv
List of Tables	xiv
1 Introduction.....	1
1.1 Purpose	1
1.2 Structure of this Study.....	2
2 Theory.....	4
2.1 Corporate-Aboriginal Partnerships and Capacity Building.....	4
2.2 Corporate-Aboriginal Partnerships and Community Resistance.....	5
3 Framework for Analyzing the Cases.....	9
3.1 Defining the Success of a Corporate-Aboriginal Partnership	9
3.2 Factors that Impact Community Resistance.....	10
3.2.1 Legitimacy and Voice	10
3.2.2 Management Structure	11
3.2.3 Performance	12
3.2.4 Fairness	12
3.3 First Nation Governance Typologies for Pursuing Corporate-Aboriginal Partnerships	13
3.4 Case Study Selection and Information Sources.....	15
3.4.1 Rationale for Case Study Selection	15
3.4.2 Information Sources	16
4 Case Studies.....	18
4.1 Case 1: Mistik Management – a Partnership Between NorSask Forest Products and Miller Western Pulp	18
4.1.1 Background and Origin of the Partnership.....	18
4.1.2 Community Support	19
4.1.3 Legitimacy and Voice	20
4.1.4 Management Structure	21
4.1.5 Performance	24
4.1.6 Fairness	24

4.1.7	Summary of Mistik Management.....	25
4.2	Case 2: Nabakatuk Forest Products Inc. – a Partnership Between the Waswanipi Cree and Domtar Inc.	25
4.2.1	Background and Origin of the Partnership.....	25
4.2.2	Community Support.....	26
4.2.3	Legitimacy and Voice.....	27
4.2.4	Management Structure.....	28
4.2.5	Performance.....	29
4.2.6	Fairness.....	30
4.2.7	Summary of Nabakatuk Forest Products.....	31
4.3	Case 3: Wapawekka Lumber – a Partnership between the Woodland Cree First Nations and Weyerhaeuser.....	32
4.3.1	Background and Origin of the Partnership.....	32
4.3.2	Community Support.....	33
4.3.3	Legitimacy and Voice.....	33
4.3.4	Management Structure.....	34
4.3.5	Performance.....	35
4.3.6	Fairness.....	38
4.3.7	Summary of Wapawekka Lumber.....	38
4.4	Summary of Best Practices Drawn from the Case Studies.....	39
5	Analysis – Selecting Processes for Successful Corporate-Aboriginal Partnerships.....	40
5.1	Issue Definition and Policy Objectives.....	40
5.2	Alternatives.....	40
5.2.1	Alternative 1. Democratic Processes – High Accountability and High Separation of Business and Politics.....	43
5.2.1.1	Characteristics of Democratic Planning Processes.....	43
5.2.1.2	Characteristics of Democratic Management Structures.....	43
5.2.1.3	Characteristics of Democratic Hiring Policies.....	44
5.2.1.4	Characteristics of Democratic Partnership Building Activities.....	44
5.2.2	Alternative 2. Patronage Processes – High Accountability and Low Separation of Business and Politics.....	45
5.2.2.1	Characteristics of Patronage Management Structures.....	45
5.2.2.2	Characteristics of Patronage Hiring Policies.....	45
5.2.2.3	Characteristics of Patronage Partnership Building Activities.....	45
5.2.3	Alternative 3. Technocratic Processes – Low Accountability and High Separation Between Business and Politics.....	46
5.2.3.1	Characteristics of Technocratic Planning Processes.....	46
5.2.3.2	Characteristics of Technocratic Management Structures.....	46
5.3	Criteria for Assessing Alternatives.....	46
5.4	Review of Impacts and Implications.....	48
5.4.1	Alternative 1: Impacts of Democratic Processes.....	48
5.4.2	Alternative 2: Impacts of Patronage Processes.....	52
5.4.3	Alternative 3: Impacts of Technocratic Processes.....	54
5.5	Summary of Impacts and Implications.....	55
5.6	Consideration of Trade-Offs.....	57
5.6.1	Decision #1: Will the Approach to Planning be rooted in Democracy or Technical Know How?.....	57
5.6.2	Decision #2: How will Accountability be ensured?.....	58
5.6.3	Decision #3: What will be the basis for Hiring Decisions?.....	59

5.6.4 Decision #4: What will be the basis for Partner Selection?	60
6 Conclusions and Future Research.....	61
Bibliography	62
Works Cited	62
Interviews	64
Works Consulted	65

List of Figures

Figure 1: Ownership Structure at Mistik.....	23
--	----

List of Tables

Table 1: Aboriginal Forestry Partnership Types	7
Table 2: Criteria for Measuring the Level of Community Resistance	10
Table 3: The Impact of Governance Processes on Accountability and Separation of Business and Politics	13
Table 4: First Nation Governance Typologies for Pursuing Corporate-Aboriginal Partnerships	14
Table 5: Case Study Comparison	15
Table 6: Consultation Process Following the Blockade at Canoe Lake.....	21
Table 7: Summary of Mistik Management.....	25
Table 8: Summary of Nabakatuk Forest Products.....	31
Table 9: Summary of Wapawekka Lumber	38
Table 10: Summary of Alternatives	42
Table 11: Criteria and Measures	47
Table 12: Impacts of Alternative 1. Democratic Processes.....	48
Table 13: Impacts of Alternative 2. Patronage Processes	52
Table 14: Impacts of Alternative 3. Technocratic Processes	54
Table 15: Summary of Impacts and Implications	56

1 Introduction

1.1 Purpose

Corporate-Aboriginal partnerships are an important tool in Aboriginal economic development. First Nation communities are increasingly using this type of business relationship to overcome capacity constraints and improve the chances of a successful business venture. In pursuing such relationships, First Nation leaders must find a way to balance community concerns and interests with those of the corporate partner. In order for the partnership to be most efficient, business entities should be allowed to operate in a manner that is free from political interference. However, this separation of the business and political spheres must be developed in a manner that ensures true accountability to community members. Appropriate governance structures and processes are the key to achieving this balance. The goal of this research study is to identify the characteristics of a management scheme that affords both accountability and a separation between business and politics. Following a systematic review of three forestry sector case studies, this study provides First Nation leaders with an analysis of strategic actions that help to achieve a balance among the multitude of objectives that arise from corporate-Aboriginal partnerships.

This study focuses on the degree of community resistance encountered in each corporate-Aboriginal partnership case study. In resource industries such as forestry, this resistance has been manifested in the form of road blockades and other acts that serve to delay operations, increase costs and create inefficiencies. The processes that a First Nation government uses to engage in partnerships are intimately related to the efficiency of the project and the degree of resistance exhibited by community members. Appropriate governance is of central importance to Aboriginal economic development generally and corporate partnerships specifically. It is the central focus of this study.

The scope of this study is limited to an examination of the start-up phase of corporate-Aboriginal partnerships, not an evaluation of how well various partnerships worked out. Throughout the paper, a review of three case studies is presented in order to identify the types of First Nation governance characteristics that contribute to differing degrees of community resistance during the initial stages of a partnership. Other factors that have been omitted from the

analysis will certainly affect outcomes, including profitability. In this study, it is assumed that both parties expected positive profits prior to the launch of the partnership. Whether the venture was profitable over the long run depends upon a multitude of factors that are separate from the governance processes adopted by the First Nation partner during business start-up. Examples of these factors include market conditions and U.S. trade actions.

Before entering into a corporate-Aboriginal partnership, First Nation leaders are likely to be confronted with policy decisions in four key areas. These include consideration of alternative planning processes, management structures, hiring policies, and partner selection criteria. While the optimal mix of processes will vary in across communities, it is useful to present First Nation leaders with an assessment of the likely tradeoffs that should be considered when selecting among alternative processes. In addition to identifying these tradeoffs, this study provides First Nation leaders with a series of best practice processes for pursuing corporate-Aboriginal partnerships. Research for this study identified the following best practices:

1. A process that ensures voice and the incorporation of community concerns into business plans and practices must be established for any venture that impacts community members.
2. Development corporations that are subsidiary to the band government can create a balance between accountability and the separation of business and politics.
3. The transfer of management capacity to the First Nation is highly influenced by human resource policies. Hiring should be based on both individual merit and community affiliation.
4. Gradual relationship building among partners allows for the development of a fair agreement that satisfies both parties and incorporates the concerns of community members.

The application of the findings presented in this study is not limited to forestry within First Nation communities. The findings of this study can be used to inform First Nation governance decisions with respect to various forms of economic development in both resource and non-resource based industries. In addition, this study may be of interest to individuals in non-First Nation communities. For example, the best practices identified in the study may be of use to individuals involved in community-based resource management or other forums for community-based decision making.

1.2 Structure of this Study

This study is organized into five sections. Beginning in section two, this study explains the rationale for the use of corporate partnerships as an Aboriginal economic development

strategy and the potential impacts of community resistance. The arguments presented in section two are important to this study as they provide the context within which the role of appropriate governance is understood. Section three sets out the analytical framework used to systematically assess the case studies reviewed for this study. In addition to providing an explanation as to how the degree of community resistance was measured in each case study, this section explains the four governance characteristics that impact community resistance. These include: legitimacy and voice, accountability, performance, and fairness. Section three also includes a description of the data sources used for this study. Section four contains an analysis of the degree of community resistance and the governance characteristics of each case study. The study concludes in section five with a policy analysis of the strategic actions that First Nation leaders can use to achieve a management scheme that creates both accountability to community members and a separation between business and politics.

2 Theory

2.1 Corporate-Aboriginal Partnerships and Capacity Building

Successful corporate-Aboriginal partnerships can create substantial benefits for an Aboriginal community. By partnering with established corporate partners, Aboriginal communities are able to overcome capacity constraints and participate in local opportunities that might not have otherwise been possible. This may enable an Aboriginal group to gain partial or total control over the pace and conditions the development (Ferrazzi, 1989). Through partnering, the community learns business lessons from the partner and reduces the risks associated with participating in new business areas. The experience of the corporate partner can reduce uncertainties as both partners are assured that someone familiar with the particularities of the business will deal with unexpected problems. In short, the corporate partner can help to bridge resource gaps, both financial and technological, and help to improve the chances of a successful business venture.

By bridging gaps in capacity, corporate-Aboriginal partnerships can be used as a strategy to help “kick-start” a community economy. Ownership positions in large projects mean locally controlled wealth and an improvement in the First Nation’s standing as a player in the local economy. The objective is to acquire wealth-generating assets that allow for the reinvestment of profits so as to secure still more ownership (Lewis et al. 1992). The case of the Osoyoos Indian Band (OIB) in British Columbia provides an excellent example of how a strong economic base assists with First Nation community self-reliance. According to Chief Operating Officer Chris Scott, the OIB chose to develop its own businesses “instead of relying on non-band owned businesses to employ and develop its people” (McBride, 2001, p. 10). The OIB now has businesses with an annual operating budget of \$10 million. The strong economic base in the community means that none of OIB’s social programs are totally dependent on federal funding as the band has the ability to cover cutbacks in federal funding (McBride, 2001).

The potential for corporate partnerships as a strategy to build an economic base is exemplified by the experience of the Kitsaki Development Corporation, the economic development arm of the Lac La Ronge Indian Band. When Kitsaki set out on the path to

economic development, the goal was to develop an economic base that had the ability to pay for the goods and services consumed by band members. This was estimated at \$21 million per year. In 1990, Kitsaki was approximately 9% of the way to their target. In 1995, they were 18% of the way there (Hatton, 1995).

It is important to recognize that reliance upon partners who are external to the community is not consistent with the “self-reliance and community control” principle raised by many advocates of community economic development (CED). According to the CED Centre at Simon Fraser University, “CED builds on local strengths, creativity and resource, and actively seeks to decrease dependency on, and vulnerability to, economic interests outside the community and region” (Simon Fraser University, 2004). However, there are economic development professionals who argue that Aboriginal groups must recognize the global business environment if they are to be successful and provide sustainable employment opportunities for community members. For example, at a conference entitled Financing the Aboriginal Economy in the 21st Century, Barrie Shibley, Manager of the Aboriginal Investment Group commented:

First Nations are on the verge of self-government, and will be taking their first steps in a global market place... Much of the capital required may be from foreign sources and these sources are interested in joint ventures and partnerships. As well, many of the markets for the products derived from First Nation enterprises may also be in foreign countries. I have seen many projects aimed at attracting foreign markets and dollars, including oil and gas companies, alternative sources of energy such as ethanol plants with spin-offs including natural gas, feedlots, greenhouses and flour mills, and tourism which includes sites for ecotourism, interpretive centres and resort developments.... Each of these projects... will provide long-term sustainable employment (Native Investment & Trade Association, 1995, p. 4).

To achieve true self-reliance, a community’s income should cover the cost of the goods and services consumed by its members. Shibley’s comments illustrate an important point; in today’s world of increasing globalization, many native people are finding that traditional activities such as hunting, trapping, and gathering do not cover the costs of a house and a family (Lewis & Hatton 1992). Corporate-Aboriginal partnerships should be considered as an economic development strategy that supports self-reliance. By bridging resource gaps, this strategy helps to build the wealth of community members and provide the foundation for self-reliance.

2.2 Corporate-Aboriginal Partnerships and Community Resistance

A review of related literature points to the poor success rate of corporate-Aboriginal partnerships. As the authors of Aboriginal-Forest Sector Partnerships: Lessons for Future

Collaboration write, “in the past, partnerships, joint ventures in particular, have been notorious for their high level of risk and poor success rate... [C]ross-cultural relationships seem to be particularly vulnerable” (2000, p. 40). There is a growing body of literature that points to the importance of cultural understanding in cross-cultural alliances. In the context of corporate-Aboriginal partnerships, the substantive difference between collectivist and individualist cultures is raised. First Nation culture in Canada is considered to be collectivist, while non-First Nation culture is more individualistic. The most important difference between these two cultures is their views regarding the distribution of wealth. While non-Aboriginals in Canada tend to believe in maximization of individual wealth, Aboriginal cultures believe that collective welfare is a higher priority than individual wealth (NAFA, 2000).

Alternate views as to wealth distribution can lead to conflicts between Aboriginal and non-Aboriginal partners. For example, in 1997, Interpac Forest Products and the Gitwangak Indian Band formed a joint venture to resurrect the operation of a sawmill. The mill’s reopening was delayed as the parties disputed the primary objective of the business, that is, whether the focus should be on maximizing employment or profits. When the mill was eventually reopened, the Gitwangak community grew increasingly dissatisfied with Interpac’s focus on return on investment (ROI). Calls from community members to focus on job creation were largely ignored and the mill was closed after less than one year of operation (National Aboriginal Forestry Association [NAFA], 2000). Experiences such as those of Interpac and the Gitwangak lead most authors to recommend that before entering into a joint venture, each partner should have a clear understanding of the other partner’s goals.

Clearly, it is important that both partners understand each other’s goals. In a similar way, it is important that the Aboriginal partner at the negotiating table represent the goals and values of community members. As Bill Hatton writes, the CED venture must not only be justifiable in terms of meeting the “needs of the community [it must be justifiable in] the eyes of the community” (Hatton, 1995, p. 3). Hatton refers to this as the principle of political coherence.

The importance of political coherence is raised in the case of Syncrude Canada Ltd. Syncrude is the world’s largest producer of crude oil from oil sands. Failure to obtain a “social license to operate” has cost the company in the past. Failure to obtain community approval for new projects can increase cost substantially as public hearings become drawn out and approvals and permits are delayed. The company estimates that a “less than adequate consultation effort surrounding a new project in the early 1990s cost the company about \$1.5 million in delays and wasted effort in its development plans” (Natural Resources Canada, 2004, p. 22).

Table 1 points out that there are several forms of corporate-Aboriginal partnership in the forestry sector, the most prevalent forms being joint ventures and forest services contracting. Despite the importance of partnerships and joint ventures to Aboriginal economic development, a review of the literature reveals that there is a lack of studies investigating the determinants of corporate-Aboriginal partnership success. For example, in a 1989 paper entitled Forging Aboriginal/ Non-Aboriginal Partnerships: The Joint Venture Model, Gabrielle Ferrazzi argues that “the successful management of the joint venture, including its highly charged political context, will be hampered by the dearth of relevant research conducted to date that could provide useful guidance to practitioners and government policy makers” (1989, p. 27). In a more recent paper, the authors admit that most literature on partnerships provides examples of international experiences and that there is a lack of similar study in Canada (NAFA, 2000). In particular, there is a lack of investigation into the variation in community resistance of a corporate-Aboriginal partnership.

Table 1: Aboriginal Forestry Partnership Types

Partnership Type	BC	AB	SK	MB	ON	QC	Atlantic	North	Total
Joint Ventures	9	0	3	0	0	2	0	0	14
Cooperative Business Arrangements	3	0	0	0	2	0	0	1	6
Forest Services Contracting	2	4	2	2	2	0	0	1	13
Socio-Economic Partnerships	2	1	0	0	4	0	0	0	7
Forest Management Planning	1	2	0	1	1	1	0	0	6
Total	17	7	5	3	9	3	0	2	46

Data Source: National Aboriginal Forestry Association and the Institute on Governance. 2000. Aboriginal-Forest Sector Partnerships: Lessons for Future Collaboration. NAFA. Ottawa.

In summary, corporate-Aboriginal partnerships are very important to Aboriginal economic development and forestry. Such business relationships help First Nation communities to overcome capacity constraints and accelerate economic development. Despite these benefits, corporate partnerships, particularly in the resource sector, can encounter resistance from impacted

community members. There is a dearth of research into the steps that First Nation leaders can take to encourage partnerships that are both accountable and efficient. This study contributes to closing this gap in the literature.

3 Framework for Analyzing the Cases

3.1 Defining the Success of a Corporate-Aboriginal Partnership

Defining the success of a corporate-Aboriginal partnership is a very complicated undertaking. The creation of sustained local employment is of high importance in many First Nations. As the sustainability of these jobs is directly linked to enterprise success, profitability and efficiency are also recognized as key criteria for measuring success. However, the success of a First Nation business venture can be defined using measures that go beyond profitability and employment. As Stephen Cornell, co-founder of the Harvard Project on American Indian Economic development writes,

many tribes will sacrifice an economic good for a political or cultural one... [while] other tribes have been concerned that certain kinds of development may reduce political autonomy or otherwise affect community survival... Development success, for most tribes, means development sustainable over the long run, that is, over generations... In evaluating development outcomes, therefore, it is necessary to understand what each tribe wants and how each measures success (1987, pp. 3-4).

Cornell's argument points to the fact that measures of success can and should vary across communities in accordance with the values held by community members. Such criteria will provide a measure of the political success of a particular corporate-Aboriginal partnership. As these criteria will vary across communities, it is difficult to compare the level of success achieved across partnerships.

In spite of the challenges that arise when one attempts to compare the political success of corporate-Aboriginal joint ventures, it is possible to compare the degree of political failure by reviewing the level of resistance exhibited by impacted community members. For example, it can be argued that a corporate-Aboriginal partnership that was subject to a forestry road blockade was relatively less politically successful than a partnership that did not. This study is largely concerned with identifying the degree of community resistance encountered in each corporate-Aboriginal partnership case study. Community resistance has the potential to significantly impact profitability and the long-term survival of the venture. While it is accepted that employment and profitability are critical to the overall success of a partnership, the scope of this study is limited to

an examination of success in terms of the minimization of community resistance to a corporate-Aboriginal partnership. This is the dependent variable in this study.

It is difficult to develop an accurate measure of the degree of community resistance. Since the cases reviewed in this study involve partnerships that were launched some years ago, it is not appropriate to survey community members about their attitudes regarding the partnership. In order to measure the historical level of community resistance in each case, this study relies on published case studies, newspaper articles and elite interviews with actors on both the corporate and Aboriginal sides of the partnership. Cases presented in the study are assigned a community political acceptance score based on the criteria presented in Table 2 below.

Table 2: Criteria for Measuring the Level of Community Resistance

“Degree” of Community Resistance	Blockade?	Resistance Indicated in Newspaper Search/ Interview?
No Community Resistance	NO	NO
Mild Community Resistance	NO	YES
Strong Community Resistance	YES	YES

3.2 Factors that Impact Community Resistance

This study investigates four variables that are believed to impact the level of community support of a corporate-Aboriginal partnership. These variables include: legitimacy and voice, management structure, performance, and fairness. These variables are derived from principles developed by the United Nations. They are principles of good governance and are therefore tied to community support (Graham & Edwards, 2003). The four principles are described below.

3.2.1 Legitimacy and Voice

This principle refers to the existence of a democratic and inclusive process within the conception and approval stages of the joint venture. The authors of Minding our own Businesses: How to Create Support for First Nations Businesses in Aboriginal Communities point out that

new businesses in Aboriginal communities will only succeed if business and community share a similar set of cultural values. The authors point out that “if there is a common view of how the land should be treated, how resources and wealth are shared and how decisions are made, there will be a solid foundation on which to build a private economy” (McBride & Gerow, 2002 p. 38). This common view of cultural values is developed through consultation and meaningful discussion in the community. Therefore, this study seeks to identify the types of organizational processes that encourage the development of a common vision in a community that is considering a corporate-Aboriginal partnership.

Inclusive economic development planning is of central importance to successful economic development among First Nations. Planning processes result in vision and direction, goals to work towards, and, most importantly, community support. To be “successful” as defined above, business ventures must not only be profitable and provide local employment; they must also meet various cultural and political criteria. An inclusive planning process helps to identify what is important to community members and what trade offs the community is willing to accept. This study seeks to identify organizational processes that encourage effective economic development planning in the context of a corporate-Aboriginal partnership.

3.2.2 Management Structure

Research into Aboriginal economic development repeatedly reveals that appropriate institutions are crucial to successful economic development. In particular, research conducted under the Harvard Project on American Indian Economic Development continues to find that institutional structures that create a separation of business and politics are more conducive to successful long-term economic development (Jorgenson & Taylor, 2000). The manner in which the separation of business and politics is achieved impacts the degree of accountability between the corporate and Aboriginal partners and between the Aboriginal partner and community members. A review of the literature reveals that accountability to the community is an important determinant of political acceptance and that great care should be taken in the creation of an organizational structure that maintains accountability while still allowing for business decisions to be made in a manner that is free from political interference. As noted in the introductory section (of this study), organizational processes that achieve both accountability to the community and a separation of business and politics are of central interest to this study.

3.2.3 Performance

While community involvement is a central ingredient of sustainable economic development, many communities may find that they lack the internal expertise required to maximize the benefits of a complicated business venture. A common theme that emerges in the literature is that business development requires experienced professionals. In order to benefit from the agreement, it is important that both sides agree to a system of checks and balances that result in equal bargaining power among partners. A fair agreement requires that both sides are informed and experienced in negotiation. Success in negotiations requires expertise, which may or may not be found inside the community.

As described in previous sections, many First Nations pursue partnerships in order to learn from an experienced corporate partner. To facilitate true capacity transfer, First Nation members must be given genuine management responsibility. However, in new business areas, it may be the case that the First Nation partner has no members who are prepared to coordinate such activities. Thus, many First Nations have found that involving outsiders in the management and staffing of the partnership can allow for more effective capacity building. Human resource policies, such as hiring and training policies can provide the foundation upon which management capacity is transferred to the First Nation partner. This study is concerned with identifying the human resource policies that contribute to capacity building in corporate-Aboriginal partnerships.

3.2.4 Fairness

It is important that the partnership be seen as “fair” in the eyes of the community members. The distribution of benefits arising from the venture should be fair, both between the community and the corporate partner and within the community itself. In general, there should be a mechanism in place that will strike an equitable balance between the interests of individuals, the community, and the corporate partner.

Many First Nations enter partnership agreements in order to benefit from the capacity that can be transferred to them. However, benefits must flow in both directions if the business relationship is to survive. To achieve this, it is important that both parties are aware of each other’s expectations. As Saskatchewan Business magazine's 1989 Indian Entrepreneur of the Year Lester Lafond put it, “[corporate-Aboriginal partnerships involve] two different personalities coming together. If you’re not fully understanding of where you’re both headed and who is responsible for what, it can cause a lot of confusion” (Saskatchewan, 2004). This study

seeks to identify organizational processes and structures that encourage communication between the partners and ensure a fair distribution of benefits among all stakeholders.

3.3 First Nation Governance Typologies for Pursuing Corporate-Aboriginal Partnerships

The four governance principles presented above are used in this study to explain the degree of community resistance exhibited in each corporate-Aboriginal case study. In addition to community resistance, many of the processes associated with these principles can also be used to characterize the separation between business and politics in each case. As the goal of this study is to identify the tradeoffs that First Nation leaders will face in selecting processes to pursue corporate-Aboriginal partnerships, it is useful to examine processes that impact both accountability and the separation of business and politics. An examination of these processes indicates that some processes tend to influence accountability more than the separation of business and politics, while some processes have more impact on the separation of business and politics and less impact on accountability. In addition, there are some processes, such as those pertaining to reporting relationships and the delegation of decision-making authority, that impact both the separation of business and politics and the degree of accountability to the community. Governance processes and areas of impact are presented in Table 3 below.

Table 3: The Impact of Governance Processes on Accountability and Separation of Business and Politics

Governance Principle(s)	Processes	Area(s) of Most Impact
Legitimacy and Voice	<ul style="list-style-type: none"> ▪ Consultation processes ▪ Incorporation of community concerns into business plans and operations 	Accountability
Management Structure	<ul style="list-style-type: none"> ▪ Reporting relationships ▪ Delegation of decision making authority 	Accountability & the Separation of Business and Politics
Performance	<ul style="list-style-type: none"> ▪ Human resource policies during start up: <ul style="list-style-type: none"> ▪ Hiring ▪ Training 	Separation of Business and Politics
Fairness	<ul style="list-style-type: none"> ▪ Policies pertaining to partner selection and partnership development 	Separation of Business and Politics

As described in table 4, some governance principles and associated processes impact the separation of business and politics more than accountability and vice versa. These impacts can be used to characterize four general approaches or typologies that First Nations leaders can use to pursue corporate-Aboriginal partnerships. These typologies are presented in Table 4 below.

Table 4: First Nation Governance Typologies for Pursuing Corporate-Aboriginal Partnerships

		Separation Between Business and Politics	
		High	Low
Accountability	High	<p><u>Democratic</u> <i>Legitimacy and Voice:</i> planning process is inclusive and community concerns are incorporated into business practices. <i>Management Structure:</i> council sets direction, business is free to make day-to-day decisions. <i>Performance:</i> hiring is based exclusively on merit. <i>Fairness:</i> relationship building with partner to ensure incorporation of community concerns into business practices and a common vision for the future.</p>	<p><u>Patronage</u> <i>Legitimacy and Voice:</i> planning process is inclusive and community concerns are incorporated into business practices. <i>Management Structure:</i> band council is heavily involved in day-to-day business decisions. <i>Performance:</i> hiring practices are based on factors other than merit (e.g. hiring a pre-determined proportion of employees from a particular community). <i>Fairness:</i> Partners are selected based upon immediate benefits (e.g. such as jobs, access to capital).</p>
	Low	<p><u>Technocratic</u> <i>Legitimacy and Voice:</i> planning process based solely on science and technical expertise. <i>Management Structure:</i> independent corporation mandated to act in the best interest of the band. <i>Performance:</i> hiring is based exclusively on merit. <i>Fairness:</i> relationship building with partner to ensure incorporation of community concerns into business practices and a common vision for the future.</p>	<p><u>Oligarchic</u> Oligarchic processes do not achieve the separation of business and politics or accountability goals. Therefore, this typology is not considered as an option for adoption by First Nation leaders.</p>

Table 4 indicates that the degree to which a particular process impacts either the separation between business and politics or accountability can vary along a continuum from high

to low. It should be recognized that First Nation leaders are free to select processes at any point along these continuums. For example, in some circumstances, it may be desirable to select planning processes that incorporate community concerns into business practice (democratic) and hiring policies that consider factors other than merit (patronage). Exactly where selected policies fall along the continuums will depend upon the values and circumstances of individual communities. Through a review of three forestry sector case studies, this study is able to provide First Nation leaders with important insight into the tradeoffs that should be considered when selecting among alternative processes.

3.4 Case Study Selection and Information Sources

3.4.1 Rationale for Case Study Selection

The variables affecting the success of a corporate-Aboriginal partnership can be broken into two categories: environmental variables and policy variables. While both types of variables can impact the success of a particular joint venture, only policy variables can be controlled. For example, the location of a venture may be highly correlated to that venture's success. However, relocating the venture may not be a feasible option for an Aboriginal group that is committed to keeping the venture on or near a particular reservation. In addition to location, other environmental variables that should be taken into account include the industry sector and natural resource prices. This study attempts to control for variation in environmental variables by comparing cases that are similar. All case studies in this study are drawn from the forestry sector. Table 5 shows that while the selected corporate-Aboriginal partnership case studies exhibit varying levels of community resistance, many of the environmental variables associated with each case are similar.

Table 5: Case Study Comparison

	Mistik Management	Nabakatuk Forest Products	Wapawekka Lumber
Community Resistance Score	Strong Community Resistance	Mild Community Resistance	No Community Resistance
Industry	Forestry	Forestry	Forestry
Location	Rural Saskatchewan	Rural Quebec	Rural Saskatchewan
Year of Partnership Launch	1990	1996	1998

Policy variables are those factors that contribute to the success of a corporate-Aboriginal partnership that Aboriginal leaders have some control over. This study investigates four variables that are believed to impact the political acceptance of a corporate-Aboriginal partnership including: legitimacy and voice, accountability, performance, and fairness. Each of the cases presented in section four is examined with respect to these four policy variables.

3.4.2 Information Sources

This study relies upon three sources of information. These include: a review of existing case studies, a review of newspaper articles from three newspaper databases and interviews with executives (corporate and Aboriginal) involved in the establishment of each partnership. The use of several diverse sources allows for cross checking of information and results in a more thorough understanding of the factors that impacted the degree of community resistance in each case study. A description of the interview process and methodology for searching the newspaper databases is provided below.

The Lexus Nexus, Canadian Newsstand and First Nations Periodical Index databases were searched during the fall of 2004 and winter of 2005. The databases were searched using the “search all fields” or “search article full text” methods. Words entered in the search included:

1. The name of the company formed through the corporate-Aboriginal partnership
2. The name of the First Nation community
3. The name of the name of the Aboriginal partner company
4. The name of the corporate partner company

Each article that resulted from this database search process was then scanned by the author for details relating to community resistance and the four governance characteristics presented in sections 3.1 and 3.2 above.

Following a review of existing case studies and newspaper articles, interviews were arranged and conducted by the author in January and February of 2005. All respondents were highly involved in the establishment of their respective partnership arrangements. For each of the three case studies, at least one representative from both the corporate and the Aboriginal partner was interviewed. In total, eight interviews were conducted. Six interviews were conducted over the telephone, one in person and one via electronic mail.

In summary, this study is primarily concerned with providing First Nation leaders with insight into the tradeoffs that should be considered when selecting governance processes for pursuing corporate-Aboriginal partnerships. Accordingly, the case study analysis in the following section examines processes that impact both accountability, as measured by the degree of community resistance, and the separation of business and politics. The case studies presented are all drawn from the forestry sector. Information for the case studies was collected from existing published materials, newspaper articles and elite interviews.

4 Case Studies

4.1 Case 1: Mistik Management – a Partnership Between NorSask Forest Products and Miller Western Pulp

4.1.1 Background and Origin of the Partnership

The Meadow Lake Tribal Council (MLTC) is composed of member First Nations from across the Churchill River basin in north western Saskatchewan. The nine First Nations that form the community are Birch Narrows, Buffalo River, Canoe Lake, Clearwater River, English River, Flying Dust, Island Lake, Makwa Sahgaiehcan, and Waterhen Lake. In 1993, these First Nations communities had a combined population of approximately 8,000 (Graham & Edwards, 2003).

In 1988, the chiefs of the MLTC negotiated the purchase of 50 percent of the Meadow Lake sawmill from the provincial government. The remaining 50 percent interest in the mill was sold to Techfor Services Ltd., a company wholly owned by mill employees. The mill, a partnership between the MLTC and Techfor Services, was renamed NorSask Forest Products (Anderson, 1997).

NorSask holds a Forest Management License Agreement (FMLA) from the province of Saskatchewan. The FMLA gives NorSask harvesting rights to and reforestation responsibilities for 3.3 million hectares of Crown Land in the Meadow Lake District. At the time that the license was granted to NorSask, the mill only had the capacity for processing softwood. However, the license required that NorSask develop the capacity to use the poplar (hardwood) in the Meadow Lake District within four years or risk losing their rights to that resource (Protectors of Mother, 1993). According to a source at the MLTC, this requirement for hardwood processing was one of the reasons that the government of Saskatchewan introduced Millar Western Pulp to NorSask in the late 1980s. According to the source, “the province played a role in setting up the partnership” between NorSask and Millar Western Pulp (Interviewee A, 2005).

In this case, the First Nation partner, through NorSask, held the rights to forestry in the area where the partnership took place. These rights may have influenced negotiations between the partners and perhaps even the degree of community resistance encountered by the partnership. However, the impacts of the distribution of property rights are not clear. While it is recognized

that property rights may play a role in determining community resistance, the scope of this study is limited to an examination of the impacts of First Nations governance processes.

Jointly owned by Millar Western Ltd. of Alberta and the Crown Investment Corporation of the Province of Saskatchewan, Millar Western Pulp was created to build and operate a hardwood pulp mill at Meadow Lake. At the time that the partnership was created with NorSask, Millar Western Pulp acquired a 20 percent ownership interest in NorSask taking 10 percent from each of the two original owners. This left MLTC with a 40 percent ownership stake in NorSask when NorSask and Millar Western Pulp created Mistik Management as a Joint Venture company that would oversee the FMLA in 1990.

Mistik was responsible for managing all forest operations under the terms of the FMLA. However, the company did not participate directly in forestry and milling operations. The agreement set out that all forestry and milling operations were to be subcontracted out. MLTC, First Nation individuals, individual First Nations and non-First Nation individuals all own operating companies that contract with Mistik for logging, reforestation, and other activities (Graham & Edwards, 2003).

4.1.2 Community Support

On May 13 1992, protestors from the Meadow Lake First Nations, dissatisfied with the lack of input that their community had into the decisions undertaken by Mistik, established what would come to be known as the longest lasting logging blockade in Canadian History. The standoff at Canoe Lake lasted 18 months (Chambers, 2003). Of the three cases presented in this study, Mistik Management encountered the greatest level of community resistance.

A large proportion of the 1000 members of the Canoe Lake First Nation strongly opposed the presence of logging companies on their traditional lands. Concerns over clear-cutting were raised as it was felt that Mistik's activities were restricting traditional activities and destroying the land that the members had relied upon for sustenance for centuries. To protest these activities, the Protectors of Mother Earth group, organized by the local Sakaw-Aski Aboriginal Elders council, set up a blockade to prevent trucks from retrieving cut logs for Mistik Management (Langer, 1992).

It was proposed that forest co-management could be used as "the vehicle to involve the public and mitigate and resolve any future conflict over forest operations and management" (Chambers, 2003). Initial meetings between NorSask, the provincial government, and the

protesters were not effective in resolving the dispute. This was because the protestors feared that a co-management committee would “end up as nothing more than an advisory council” (Langer, 1992, p. D2). There were several rounds of subsequent negotiations. Other aspects of the dispute included legal battles, RCMP searches and court orders. The bitter clash eventually resulted in an agreement that created a co-management board (Graham & Edwards, 2003). Co-management board boundaries were set according to existing Fur Conservation Areas that were created in the 1940s and match up with the communities’ traditional land uses (Chambers, 2003).

During a recent interview, a representative who was involved in the establishment of Mistik Management provided an important view of the development of the co-management boards. According to the source, “co-management was getting established before the blockade... The blockade helped to move things along” (Interviewee A, 2005). Other sources observed the slow development of effective community consultation processes. The leadership was “not malignant, just not evolved... [the leadership] was learning as they went along” (Interviewee B, 2005).

4.1.3 Legitimacy and Voice

As noted above, the early experience of the partnership between NorSask and Millar Western Pulp lacked an effective mechanism for incorporating community concerns. The concerns surrounding the operational decisions of Mistik Management were twofold. First, the perceived destruction of traditional lands angered those who felt that such actions were limiting the community’s ability to conduct traditional activities. Second, and more importantly for the purpose of this analysis, many of the community members who were impacted by Mistik’s decisions felt that they lacked a voice and an ability to influence the decisions that were being taken. These concerns resulted in the blockade at Canoe Lake.

During an interview in 1992, then Mistik President Barry Peel said “he doesn’t understand why natives in the area want to blockade the road, because he said they have input on Mistik’s forest management through the Meadow Lake Tribal Council’s part ownership of NorSask” (Residents Protesting, 1992, p. A9). It seems that this process for incorporating community concerns did not meet the needs of the protestors at Canoe Lake. In an interview in 1992, Butch Iron, one of the blockade organizers, said “for us to be part of the decision making, our elders need to be involved... They know this land better than any corporate Indian or Scientist” (Sutter, 1992, p. A3).

It is clear that the initial stages of the venture between NorSask and Millar Western did not result in the preservation of culture for all community members. The vision of the community did not mirror that of the development. The protestors at Canoe Lake were seeking a fundamental change in the level of public participation in Mistik’s activities. It was hoped that such changes would reduce the impact that forestry activities were having on their traditional practices. The MLTC did engage in an extensive planning process following the crisis at Canoe Lake. According to Robert Anderson:

The unfolding of events in forestry, particularly the Canoe Lake protest and its resolution, had significant impacts beyond that sector. The experience resulted in a maturing and refining of the MLTC’s economic development mission, objectives, strategies and processes – particularly those relating to consultation, participation and traditional values (1997, p. 207).

These changes are evident in MLTC’s twenty-year development plan, *From Vision to Reality* (1995). The process for developing the twenty-year plan involved extensive consultation. Consultative steps in the process are set out in table 6.

Table 6: Consultation Process Following the Blockade at Canoe Lake

Activity	Date
3 day meeting between representatives from the nine MLFNs	April 1993
Meeting among MLFN elders	January 1994
Survey of MLFN members	1994
3 day economic symposium for MLFN members	April 1995

Source: Anderson, 1997.

It is clear that the initial venture between Millar Western Pulp and NorSask lacked a sufficient level of community based planning. According to a MLTC source that was interviewed for this study, “I wish I could tell you that it was a result of careful planning and consultation but it really wasn’t... it was a response to an opportunity” (Interviewee A, 2005).

4.1.4 Management Structure

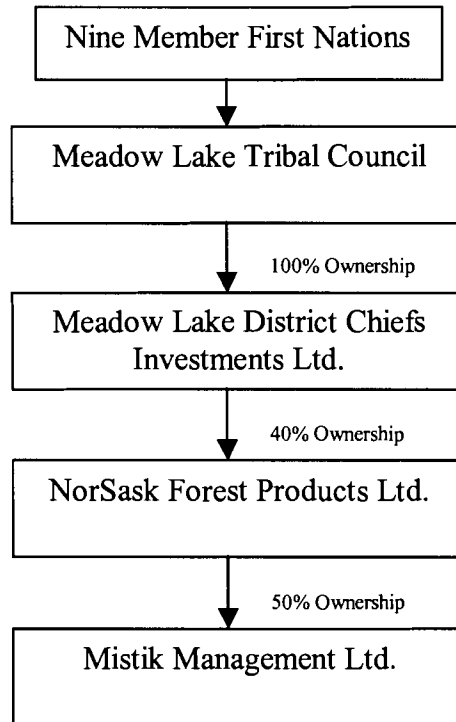
Prior to the launch of the partnership between NorSask and Miller Western Pulp, the MLTC leaders did not have a strong tradition of accountability. According to a 1994 newspaper article, an independent inquiry of the MLTC in the early 1990s revealed, “the chiefs diverted \$1 million in federal education funds to nebulous other activities like executive operations and office

services”. The report concluded the MLTC's “financial affairs were shrouded in a veil of secrecy” (Corporate Indian Success, 1994, p. 22). Research for this study did not reveal any conclusive evidence as to the degree of (non) transparency of the NorSask’s decision-making process. However, the independent investigation described above does indicate that the MLTC lacked a history of accountability and transparency that would lead its community members to believe that the venture was being operated in an accountable manner.

It is of central importance to note that, in addition to a history of questionable financial practices by MLTC leadership, the corporate structure designed for Mistik Management created a relatively strong separation between business and politics. According to John Graham and Heather Edwards of the Institute on Governance, NorSask uses four mechanisms to create this strong separation:

- 1) **Social Learning.** MLTC strives to educate its chiefs and its community members of the importance of a separation between business and politics. This process allows for social norms to develop in the community. It is important that all community members recognize and accept that the best way to meet social needs is to allow for community businesses to be profitable so that more profits can be used for social programs.
- 2) **Board of Directors.** NorSask’s board is comprised of three MLTC chiefs and three outside business people. This practice brings in valuable expertise and helps to separate business from politics.
- 3) **Management Security and Freedom.** Many of the senior managers at MLTC are hired for a fixed term. This provides managers with security of knowing that they will not be fired for refusing to act as a result of political pressure.
- 4) **Corporate Structure.** Under the Mistik management structure, the community members were quite removed from Forest Management (Figure 1).

Figure 1: Ownership Structure at Mistik



Source: adapted from Anderson, 1997.

While the corporate structure at Mistik creates a strong separation of business and politics, the complexity of the structure limits the influence of individual First Nation leaders. Thus, even if a chief was trusted by the membership, that chief has limited input into the decisions at Mistik. According to a source interviewed for this study, “there were always tensions within the Meadow Lake Tribal Council... with one community saying that too many trees were coming out of their community” (Interviewee B, 2005).

The effective degree of separation between business and politics at MLTC is the largest of the three cases presented in this study, while the degree of community support is lowest. This points to the fact that great care ought to be taken when the separation of business and politics is created in Aboriginal communities. The separation should be crafted in a manner that ensures sufficient accountability to community members. It seems that processes to ensure accountability were not sufficient during the initial stages of Mistik Management. The importance of balancing accountability and the separation of business and politics is revisited in section 5.6.2.

4.1.5 Performance

The chiefs of the MLTC recognized the need for outside management expertise during the initial start-up phase of NorSask. Therefore, NorSask's board was comprised of three MLTC chiefs and three outside business people (Graham & Edwards, 2003). This outside expertise helped to even out the bargaining capacity of joint venture partners and contributed to the separation of business and politics at NorSask.

During the initial years of operation, Mistik Management did not have a formal approach to training and capacity building. Instead, the company used subcontracting as a strategy to distribute benefits across communities and individuals. MLTC, individual First Nations, First Nations individuals, and non-First Nations individuals all owned companies that contracted with Mistik for logging, reforestation and other opportunities (Graham & Edwards, 2003). The forestry operations of trucking, harvesting, loading, road building and maintenance, milling and reforestation were open to private individuals who are band members. According to a MLTC source interviewed for this study, Northern residents can see the benefits of forestry when they see their neighbours carrying out contracts for Mistik. However, "it's not all peaches and cream when one Northern resident sees his neighbour working [with Mistik] and wonders, why not me" (Interviewee A, 2005).

4.1.6 Fairness

The agreement between Millar Western Pulp and NorSask divided responsibilities among the partners according to each partner's strengths. Under the agreement, Millar Western was able to focus on its core business, the processing of hardwood into pulp. The chiefs of the MLTC recognized the potential employment benefits and business development opportunities that would arise from the harvesting and use of hardwood. By partnering with a company that specialized in pulp production and sales, NorSask was able to seize benefits for First Nations people that would not have been possible otherwise. (Anderson, 1997).

The employment resulting from the joint venture between NorSask and Millar Western Pulp was significant. Direct employment to First Nations people at the NorSask sawmill and through logging and reforestation subcontracting totalled 243 jobs in 1994. In addition, it is estimated that approximately half of the 730 indirect jobs created as a result of the venture went to First Nations People (Price Waterhouse, 1994).

4.1.7 Summary of Mistik Management

Table 7: Summary of Mistik Management

	Mistik Management
Community Resistance Score	Strong Community Resistance.
Legitimacy and Voice	Protestors at the blockade felt they lacked the ability to influence the decisions being taken.
Management Structure	Management structure and ownership position created a strong separation between business and politics. However, it seems that insufficient attention was devoted to ensuring accountability.
Performance	Board comprised of three MLTC chiefs and three outside business people. Subcontracting strategy used to ensure employment across communities.
Fairness	Under the agreement, Millar Western was able to focus on its core business, the processing of hardwood into pulp. By partnering with a company that specialized in pulp production and sales, NorSask was able to create employment for First Nations people. Direct employment to First Nations people at the NorSask sawmill and through logging and reforestation subcontracting totalled 243 jobs in 1994.

4.2 Case 2: Nabakatuk Forest Products Inc. – a Partnership Between the Waswanipi Cree and Domtar Inc.

4.2.1 Background and Origin of the Partnership

Located approximately 700 km north of Ottawa, the Cree community of Waswanipi is located in a region of Quebec that has significant forest resources. The Waswanipi Band formed the Mishtuk Corporation in 1983 in order to take advantage of opportunities in the forest sector. Mishtuk's forestry activities provided employment for a number of community members over the course of the 1980s. However, towards the end of the 1980s it became apparent that Mishtuk would need to expand its role in the forestry sector. Community leaders sought an environment where forest management policies would be made in a way that supported coexistence with Cree trappers. It was felt that an expanded role in the local industry would improve the community's ability to influence forest management policies (NAFA, 2000).

When a 60,000 m³ concession became available in the late 1980s, the Waswanipi Cree approached the Quebec government in order to acquire a forest management and supply contract for the area (CAAF). The provincial government agreed to provide the band with the CAAF on the condition that a new sawmill be established in the area. As the band lacked the capital resources and technical expertise to establish a new mill, four companies were invited to enter into a sawmill partnership with Mishtuk. In May of 1994, Mishtuk and Domtar agreed to begin negotiating the terms of a partnership agreement. The agreement was signed in March of 1995 with the Nabakatuk sawmill opening on June 12, 1997 (NAFA, 2000).

In this case, the First Nation partner, through Mishtuk, held the rights to forestry in the area where the partnership took place. As noted in section 4.1.1, it is recognized that these rights may have influenced negotiations between the partners and perhaps even the degree of community resistance encountered by the partnership. However, as in the case of Mistik Management, the impact of the distribution of property rights is not clear. While an examination of the impacts of property rights on community resistance may be interesting and useful to First Nations leaders, such an investigation is beyond the scope of this study. This study is limited to an examination of the relationship between First Nation governance processes and community resistance to corporate Aboriginal partnerships.

4.2.2 Community Support

The results of the newspaper search and interviews reveal that the partnership between Mishtuk and Domtar generated some community resistance. Although there was no blockade, the joint venture did result in a deep division among community members. According to newspapers, a number of Waswanipi residents protested the opening of the new sawmill by Premier Lucien Bouchard on June 12, 1997 (Thompson, 1997). Most protestors were concerned with the impacts that expanded forestry operations would have on traditional hunting activities. Hunters and trappers pointed to the “moonscapes” that were left in the wake of large-scale forestry activities. However, “band leadership was confident that when all the facts were clearly explained, the local doubters could be convinced that even with a joint venture, there was potential for long-term harmony among the major users of the forest resource: the native hunters, the tourist operators, and the loggers” (La Rusic, 1995, p. 83).

4.2.3 Legitimacy and Voice

The decision to create a sawmill project was preceded by a three-year consultation process. Community residents voted twice on the proposed partnership. The results were 80 percent and 79 percent in favour of the joint venture sawmill. However, some opponents in the newspapers claimed that voters were manipulated and that many of the people opposed to the mill boycotted the vote (Band Members Demand, 1997). Nevertheless, some observers do feel that local people were provided with the opportunity to effectively voice their concerns. According to La Rusic “the community leaders sensed, carefully listened, and responded sincerely to the issues which troubled the spirits of the vulnerable hunters who still define the very heart of the Cree Culture” (1995, p. 84).

It is important to note that the idea of a mill was not a new idea in Waswanipi when the mill was opened in 1997. According to a source at Mishtuk who was interviewed for this study, the creation of a sawmill took many years to achieve because the provincial government delayed the granting of a CAAF area large enough to justify a mill. The community was granted the power to begin extracting trees in 1982. Over the years, the Mishtuk Corporation approached the provincial government on several occasions in pursuit of a CAAF area that would be large enough to support a mill. These negotiations with the province created a large amount of awareness within the community of the possibility of a transformation centre. For example, in 1987, the possibility of obtaining a larger CAAF from the province was very close but then it fell through. According to the source, the idea of a transformation centre was “always on the agenda” (Interviewee D, 2005).

The community of Waswanipi created a comprehensive forestry plan in 1983. The plan established an annual allowable cut of 63,000 m³. While it would be some years before the community would achieve the development of a saw milling operation, planning had always included the eventual development of a timber transformation centre (La Rusic, 1995). The need for a transformation centre was clear. Established logging companies in the region had their own processing facilities and held licenses to harvest on crown land. Therefore, if regional enterprises could meet their quota on their own, there would be no need to purchase timber from Mishtuk.

The community had a direct role in setting the agenda for the negotiations between Mishtuk and potential partners. In the early 1990s, the “band leadership embarked on their program to convince the band – especially the hunters – that a joint venture was in the best long-term interests of the band” (La Rusic, 1995, p. 83). The leadership held a general assembly where band members were organized into a number of special focus groups. The groups studied

various features of the proposals and questioned bandleaders on numerous details. Next, each group produced a report listing the concerns and interests that were raised. The concerns raised in the reports were then summarized and presented at a community general assembly where it was indicated that the items would be raised in negotiations with potential partners. Points raised by community members include: the need for specialized wildlife staff, quality forestry access roads, the creation of a wildlife inventory, the setting of environmental standards, enforcement of standards, evaluation criteria for objectives, creation of training programs (La Rusic, 1995, p. 83). Following this process, the negotiating team at Mishtuk was provided with a mandate to negotiate with Domtar. According to a source in Waswanipi, instructions from the community were to “go and negotiate and make sure it works... First and foremost, here are the concerns” (Interviewee E, 2005).

4.2.4 Management Structure

Nabakatuk is an independent corporation held by Mishtuk and Domtar. Mishtuk owns 55 percent of the shares with Domtar holding the remaining 45 percent. The Board of Directors is composed of three representatives from Domtar and four from the community of Waswanipi (NAFA, 2000). It is also important to point out that Mishtuk was launched in 1983 under the direction of Peter Gull, a former chief. According to La Rusic, “having a Waswanipi person in charge guaranteed an open channel for hunters in the band who were worried about the negative effects of forestry. People with concerns were assured of a hearing and an explanation in their own language by someone with an appreciation of their cultural patterns” (1995, p. 76).

In addition to having a local person in charge of the venture, the community of Waswanipi has developed other notable processes that encourage accountability of the business to the community. The band holds General Assemblies every three months and provides reports to community members regarding operations at Mishtuk. According to a source at Mishtuk, prior to negotiating the joint venture with Domtar, “we received a mandate from the community to negotiate” (Interviewee D, 2005). Reports were provided to the community after the fact. In Waswanipi, community approval is required by law. According to one source at Mishtuk, “we are obligated to follow the Cree-Naskapi Act... Legally we must receive approval from our people for actions taken by the band. For example, the band can’t take out a loan without community approval” (Interviewee D, 2005). In Waswanipi, “nothing gets passed without a vote” (Interviewee E, 2005). Day-to-day items are not voted on; these decisions are made at Nabakatuk Board meetings. However, crucial items, such as the size of the mill and whether to

proceed with the venture with Domtar were voted upon (Interviewee E, 2005). The general assemblies are where most of this communication took place. The Mishtuk Corporation also held discussions with affected tallymen (trappers) prior to negotiating the joint venture. “We let them know where the cuts would be” (Interviewee D, 2005).

4.2.5 Performance

The mill provides direct employment for 30 Aboriginals in the Waswanipi community. When harvesting, forestry planning and tree planting are included, employment resulting from the venture is estimated at approximately 60 jobs for community members. This number rises to over 100 in the summer months (NAFA, 2000).

Mishtuk operations have historically been relatively free from political interference. For example, when the company began to ramp up operations in the mid 1980s, operators for forest harvesting equipment were selected via a formal competition where candidates were assessed based on agility, stamina and mechanical acumen. While the ultimate selection of candidates was conducted by the band council and not Mishtuk, the competition process did have the effect of “shielding Mishtuk from potentially divisive allegations of favouritism” (La Rusic, 1995, p. 79). In addition to hiring practices that focus on competencies, Mishtuk’s contractor selection process is also void of political interference with contracts going to the highest bidders (La Rusic, 1995).

Mishtuk sought help from outside the community when it was needed. Financial and industry consultants were brought in to help with negotiations with Domtar. Other members of the negotiating team included the Director General of Mishtuk and 2 Waswanipi Councillors. The balanced composition of the negotiating team “helped to address both social and business concerns” (Interviewee D, 2005).

Despite involving outsiders in the initial stages of the venture, the partnership with Domtar has allowed for significant transfer of management capacity to the Waswanipi Cree. Domtar is now proud to proclaim that today the Nabakatuk mill is “virtually Native-run and employs 45 members of the community” (Domtar, 2004). Research for this study reveals that capacity transfer to the Aboriginal partner is most successful when the corporate partner formally commits to this goal. According to their website:

Domtar establishes employment opportunities for Aboriginals in order to ensure that self-sufficiency is attained. By forming business partnerships, Domtar paves the way for economic development that benefits everyone. Domtar makes it a priority to recruit employees from local First Nations communities. Domtar keeps a list of all the First Nations in the area of each of its operations. When a

job opening is available, Domtar sends the information to the local bands... In an effort to follow sound business practices while respecting the rights of First Nations, Domtar is taking steps to ensure that Aboriginals are active participants in the management of the public land (Domtar, 2004).

This commitment by Domtar to Aboriginal people is reflected in the partnership with the Waswanipi Cree. According to a source from Waswanipi, when the mill opened, 95 to 98 percent of the workers were local people. The source attributes this to the extensive training, between six and eight months, that was provided to the workers. According to the source, there was a “huge commitment by Domtar to make the place run by Cree” (Interviewee E, 2005). Initially, many of the supervisors were non-native people when the mill opened. Today, this has changed as nearly every foreman is from the Waswanipi Cree community (Interviewee E, 2005). The development of management capacity among community members was not easy and took many years to achieve. The Waswanipi source interviewed for this study cites the small population of Waswanipi as a major factor. “Sometimes we spend a lot of time looking for a Cree person to fill a position... It’s hard because in a small community, the people with skills are already doing something else” (Interviewee E, 2005). According to the Domtar representative interviewed for this study, “human resources are the most important topic at the board meetings. The directors [including some representatives from Waswanipi] want to know who is from where... The primary reason for this venture was to provide meaningful jobs for the community” (Interviewee F, 2005).

In addition to a committed and compassionate corporate partner, strong internal leadership also influenced the partnership in Waswanipi. Chief Billy Ottereyes was able to sell the local hunters on the idea of a Waswanipi forestry company in the early 1980s, while his successor, Chief Kitchen, brought to the band the years of management experience that were required to launch Mishtuk. The direction of the evolving organization was then placed in the hands of Peter Gull. According to La Rusic “the particular role of each of these leaders was critical in the formation of Mishtuk. Each contributed necessary skills at particular moments” (1995, p. 76).

4.2.6 Fairness

Nabakatuk Forest Products is owned 45-per cent by Domtar and 55 per cent by the Cree First Nation of Waswanipi (Domtar, 2004). There are seven people on the board of directors. Four people are from Waswanipi and three from Domtar. Profits and losses are shared 50/50 (Interviewee D, 2005). The agreement to build the sawmill requires that loggers seek input from

trappers regarding where to cut. The agreement also states that the sawmill will close for two weeks every fall and spring to allow for traditional moose and goose hunts (Domtar Cree to Build, 1995).

Since the opening of the mill, Mishtuk continues to struggle to balance the need for efficient operation of the mill with the concerns of local people who practice traditional hunting and fishing activities. According to a newspaper article published in 1999, the company has set up a fund to compensate trappers who are negatively affected by harvesting and has also developed a revenue-sharing mechanism “whereby money from timber rights comes back to the community and is subject to collective decisions on how to spend it” (Reclaiming the Land, 1999).

In addition to an equitable distribution of profits, the partnership with Domtar has also resulted in substantial job opportunities in Waswanipi. According to Domtar, “the annual payroll is over \$2 million” (Interviewee F, 2005). This has significant spin-off effects in the small community of Waswanipi. In addition to jobs and income, Nabakatuk also provides benefits to the community through supporting small construction projects such as playgrounds (Interviewee D, 2005). Other benefits include the fact that, since 1983, Mishtuk has not paid stumpage to the Province of Quebec. Instead, these fees are paid to the band. The band then decides how to spend the funds (Interviewee D, 2005).

4.2.7 Summary of Nabakatuk Forest Products

Table 8: Summary of Nabakatuk Forest Products

	Nabakatuk Forest Products
Community Resistance Score	Mild Community Resistance
Legitimacy and Voice	Community voted twice on the proposed partnership. Approximately 80 percent in favour. Opponents in newspapers claimed that those who opposed the project boycotted the vote. Band members were involved in reviewing proposals from potential partners.
Management Structure	Obligation to follow the Cree-Naskapi Act. All major decisions must receive band approval through a vote.
Performance	Strong leadership with assistance from outside the community. Formal competition where candidates were assessed based on agility, stamina and mechanical acumen. Candidates were ultimately selected by the band council.

	Nabakatuk Forest Products
Fairness	<p>The agreement to build the sawmill requires that loggers seek input from trappers regarding where to cut. The agreement also states that the sawmill will close for two weeks every fall and spring to allow for traditional moose and goose hunts.</p> <p>Mishtuk has developed a revenue sharing mechanism whereby money from timber rights comes back into the community and is subject to collective decisions on how to spend it.</p>

4.3 Case 3: Wapawekka Lumber – a Partnership between the Woodland Cree First Nations and Weyerhaeuser

4.3.1 Background and Origin of the Partnership

Wapawekka Lumber is a partnership saw milling operation between Weyerhaeuser and three First Nation bands in northern Saskatchewan, the La Ronge Indian Band, the Peter Ballantyne Nation, and the Montreal Lake Cree Nation. While the ultimate success of this venture is dependent upon acceptance in all three communities, an analysis of the governance characteristics of all three communities is beyond the scope of this study. Therefore, this study only provides an evaluation of the variables that influence community acceptance for the La Ronge Band. The origins of the joint venture are presented below.

In 1993, the bankruptcy of a large Weyerhaeuser logging contractor freed up harvesting contracts of 300,000 m³ in Weyerhaeuser’s Forest Management License Area (FMLA) in northern Saskatchewan. As two thirds of the FMLA was within the traditional territories of the three Woodland Cree nations, it made sense for Weyerhaeuser to enter into contracting relationships with the Nations. According to Weyerhaeuser, “We began hearing from a number of First Nations and in particular these three bands. [They] wanted not only employment but also economic benefits from the harvesting of the resources” (Interviewee G, 2005). Initially, Weyerhaeuser held meetings with each band individually. The company was prepared to allocate contracts for up to 35,000 m³ of timber supply across the communities. Instead of negotiating individual contracts for 10-15,000 m³ each, the three Nations decided to collaborate, forming Woodland Cree Resources (WCR) – a company equally owned by the development corporations of the three Woodland Cree Nations. According to Weyerhaeuser, “we didn’t provide them any particular assistance. There were several individuals from the bands who took the lead in

establishing Woodland Cree Resources” (Interviewee G, 2005). Weyerhaeuser awarded a harvesting contract to the newly formed company in 1994 (NAFA, 2000).

In this case, the corporate partner, Weyerhaeuser, held the rights to forestry in the area where the partnership took place. As in the Nabakatuk and Mistik Management case studies, the specific impact that the distribution of property rights had on the degree of community resistance is not clear in the case of Wapawekka. While this study recognizes that property rights may play a role in determining community resistance, the scope of this study is limited to an examination of the impacts of First Nations governance processes.

After five years of contracting with Weyerhaeuser, the Woodland Cree decided to expand their role in the forestry sector by moving from harvesting operations into manufacturing as well. WCR lacked the capital and FMLA required to start-up an efficient mill. Facing these constraints, WCR entered negotiations with Weyerhaeuser and eventually established a sawmill venture together. Wapawekka Lumber is an independent company with a management team and board of directors that are separate from the Weyerhaeuser and WCR (NAFA, 2000).

4.3.2 Community Support

Opposition to the joint venture between WCR and Weyerhaeuser was not found in the newspaper search and interviewing processes conducted for this study. As explained above, it is beyond the scope of this study to engage in an analysis of the governance characteristics of each of the three First Nations that have an ownership stake in WCR. This study focuses instead on the variables that impacted community support for the La Ronge Indian Band. The La Ronge Band has an ownership stake in WCR through the Kitsaki Development Corporation (KDC), a success story often cited in the literature for its effective approach to corporate-Aboriginal partnerships.

4.3.3 Legitimacy and Voice

Kitsaki developed a comprehensive plan for economic development in 1985, long before entering into the partnership with Weyerhaeuser through WCR. The planning process was centred on goal setting and involved extensive community input. As former KDC General Manager Bill Hatton put it,

to do business development effectively, particularly in a community or a First Nation, you have to have a planning process that takes into account all the variables that will have an impact on the project.... [the process must] involve

successfully the community in your planning, in your creating, and in your designing... you can't operate outside the community. You can't operate with a small coterie of individuals just because they're energetic and want to attempt to swim upstream (Hatton, 1995, p. 4).

Kitsaki developed a comprehensive five-year plan for economic development in 1985, long before commencing the partnership with Weyerhaeuser. The KDC five-year plan placed a strong emphasis on capacity building. This emphasis is reflected in the four long-term objectives of the plan. According to a case study published by Dector and Kowall in 1989, the four KDC long-term objectives were:

1. To provide an integrated management system consistent with accepted business practices for all current acquisitions of KDC;
2. To increase the capacity of the current managers;
3. To initiate and develop innovative approaches to establishing profitable ventures for the band; and
4. To become self-sufficient within five years by generating management and financial revenues from the band's businesses as they become more efficient and profitable.

Wapawekka also developed a clear vision for the future. The vision is as follows: "Wapawekka Lumber will be a safe, successful, joint venture, modelling excellent partnering relationships and achieving excellent business results" (Ives, 2001, p. 17). At Wapawekka, the workers are very "business literate" (Interviewee G, 2005). As a result, employees can review the quarterly financial statements and evaluate the achievements of the business.

4.3.4 Management Structure

Kitsaki was incorporated as a for-profit corporation under the laws of the province of Saskatchewan on December 14, 1981. According to David McIlmoyl, former Executive Director of the Lac La Ronge Band, "the proper place for the input of the political leaders is in the strategy surrounding business development. The political leadership decides on the strategy for business development and then leaves it to the business to provide the day to day management" (Subcommittee on Aboriginal Participation in Mining, 1995, p. 31). KDC's General Manager reports to the Board of Directors and is responsible for the development and implementation of the corporation's overall operations. According to a source at Kitsaki interviewed for this study,

“generally, Kitsaki has a mandate to do business. Reports are continuously provided to Chief and Council and the politicians deal with community members” (Interviewee H, 2005).

The Chief and Council form the board of directors of the Kitsaki Development Corporation. According to Bill Hatton, “Nothing we do has one of us as a manager... I still report to band council every month on each venture” (Decter et al., 1989, p. 13). The Kitsaki case provides an example of a useful way to structure the separation of business and politics. In the Kitsaki case, the political leaders set the direction of the economic development activities. The General Manager is provided with freedom to run the day-to-day operations of the business in a business like manner, while the board of directors (the band council) receives detailed reports on the performance of each venture. Specifically, the general manager is responsible for: carrying out policy decisions reached by the board of directors, directing the development of program plans and budgets, coordinating physical and human resource development proposals to both public and private sector organizations (Decter et al., 1989, p. 13). According to former KDC general manager Bill Hatton, business and politics can never truly be separated. Hatton writes, “over the years, when I used to try to shake down the lizards (which is what in the States we used to call civil servants), one of the ways we used to make them feel more secure was saying we’ve separated business from politics. Well, that was a lie. We didn’t separate business from politics, we educated” (Hatton, 1995, p. 6).

4.3.5 Performance

Research for this study repeatedly found that individual actors are of central importance to the success of corporate-Aboriginal partnerships. Interviews with representatives from both Weyerhaeuser and KDC pointed to how Chief Harry Cook was instrumental in the early success of the partnership with Weyerhaeuser through WCR. According to KDC, “Chief Cook is quite respected” (Interviewee H, 2005). Prior to launching the partnership with Weyerhaeuser, Chief Cook had held his position for 13 years. The source from Kitsaki explained that this long tenure allowed the Chief to act in the best interest of the band because the Chief “had confidence in the support of his community. Even if this was not full support... [He had] confidence in himself” (Interviewee H, 2005). The source at Weyerhaeuser indicated that this confidence in the support of the community allowed the chief to separate business from politics. “From watching from the sidelines, [I could see that] some bands were better able to separate business and politics. [My personal] opinion is that this had to do with individual leadership inside the bands” (Interviewee G, 2005).

In addition to the individual contributions of Chief Harry Cook, the success of Wapawekka Lumber can also be attributed to the company's strong commitment to capacity building. During a conference on Aboriginal Forestry in 2001, Trevor Ives described a personal experience that demonstrates the effective capacity building at Wapawekka:

It was last summer when I was hosting two representatives from the Canadian Imperial Bank of Commerce. Both were from CIBC's forestry area... On arrival [at Wapawekka] we were greeted by two staff members, Marlene and Dougal... It was Marlene and Dougal who gave the tour, not the management of the company. Following the tour, both of the CIBC guests had a number of very detailed and technical questions about the operation, most of which I certainly could not answer. All of the questions were responded to by Marlene and Dougal. On our way back to Prince Albert the CIBC folks compliment how well informed the tour was and the great job the Wapawekka folks did. I asked the two guys from CIBC how long they thought Dougal and Marlene had been working in the industry. Both suggested that it was a long time – well over five years. You can imagine how surprised they were to learn that neither had even set foot in a sawmill prior to a year ago when Wapawekka opened. This experience made me very proud not only of the two First Nation employees but also of Wapawekka as an organization that was truly developing its people (2001, p. 18).

The work environment at Wapawekka is such that workers are encouraged to participate in all areas of the business, including business planning, human resources planning, and even Board of Directors' meetings. According to Weyerhaeuser, "generally, 2 or 3 representatives from the workforce attend the board meetings" (Interviewee G, 2005). The staff at Wapaweka are treated as partners in the business. This is reflected in the strong commitment to safety at Wapawekka. According to a source a KDC, "the number one issue at every board meeting is safety" (Interviewee H, 2005). Wapawekka employs a team approach to safety where workers are encouraged to raise concerns and ideas for improvements (Interviewee G, 2005). This commitment is reflected in the collective bargaining agreement at Wapawekka that states, "we the workers agree to work with management to have a healthy, safe, and economically successful workplace" (Interviewee G, 2005).

The original recruiting and assessment team included members from the band, as well as members from Wapawekka and Weyerhaeuser. The goal of recruiters was to assemble "a strong pool of employees with the ability to advance" (Interviewee G, 2005). Original hiring criteria included a grade 12 requirement and the recruitment process took 2 days and included role-playing and exercises such as the "leaderless group" (Interviewee G, 2005). According to Weyerhaeuser, "we wanted to mirror the demographics of the partnership... We stratified, interviewing Aboriginals in a group and non-Aboriginals in a group" (Interviewee G, 2005). It's

important to point out that Weyerhaeuser did not commit to hiring a certain percentage of workers from each community. “What we committed to was Aboriginal employment” (Interviewee G, 2005). The Weyerhaeuser representative indicated that as the partnership was being constructed, none of the communities objected to the lack of a commitment to hire a certain proportion of the work force from each community. However, “now that the numbers are starting to play out you start to get some feedback” (Interviewee G, 2005).

It is important to point out that staff members were provided with in-depth training in all areas of the business prior to the mills opening. This strong commitment to human capital development likely encourages the community’s acceptance of management decisions. According to Weyerhaeuser, “what the training did was to create a culture on the floor... a culture of wanting to help one another” (Interviewee G, 2005). There are 15 stations on the floor. All employees work at all stations. “Everybody has to know every job in the mill... they all have eyes. They see what’s not working and make suggestions” (Interviewee G, 2005). The flexible working arrangements at Wapawekka are enabled by the collective bargaining agreement. According to Weyerhaeuser, “The [collective bargaining] agreement is unlike most collective agreements. It is very short, which allows for flexibility... For example, many agreements do not let employees swap jobs” (Interviewee G, 2005). Other important provisions in the collective agreement include the fact that seniority is not mentioned and that compassionate leave for workers applies to both immediate and extended family. These provisions reflect the commitment to cultural sensitivity at Wapawekka (Interviewee G, 2005).

The partnerships pursued by KDC generated access to a substantial number of jobs for band members. The employment of community members was an important component of KDC’s commitment to capacity building. According to David McIlmoyl, former Executive Director of KDC “identifying a joint venture partner with good management skills creates an opportunity to transfer those skills to First Nation members” (Subcommittee on Aboriginal Participation in Mining, 1995, p. 31). However, McIlmoyl cautions that only competitive businesses survive and that competitive businesses employ the best possible person in each job in the company. Thus KDC employed many non First Nation members in the early stages of each venture and put in place a long term strategy to bring First Nations members into all entry level positions and “provide them with the training necessary to allow them to progress up the ladder to management positions” (Subcommittee on Aboriginal Participation in Mining, 1995, 31). Wapawekka has a very diversified workforce and turnover is very low. Approximately 65 percent of the workforce is Aboriginal (Interviewee H, 2005).

4.3.6 Fairness

Fairness at Wapawekka is evident in the details of the agreement between WCR and Weyerhaeuser. According to Weyerhaeuser, “The initial venture came together at Weyerhaeuser’s invitation. We invited the Chiefs. We proposed the operational and financial frameworks... [It was recognized that] \$20 million was as big as we could go, because this was the most that the First Nations could raise... We wanted a truly equitable business agreement... this was to be a true business venture, not a make-work project. Weyerhaeuser was not proposing to be the banker for the First Nations” (Interviewee G, 2005). In the end the financial structure was to be 50 percent equity and 50 percent debt. To secure a majority shareholding, Weyerhaeuser contributed \$5.1 million in equity, while the three First Nations contributed \$4.9 million (Interviewee G, 2005). The agreement also recognized the First Nation’s concern that being a minority partner would put them in a vulnerable position with respect to decision-making. The agreement states that “any major financial decision requires a super majority... [Meaning that] two of the chiefs on the board of directors would have to vote with Weyerhaeuser” (Interviewee G, 2005).

4.3.7 Summary of Wapawekka Lumber

Table 9: Summary of Wapawekka Lumber

	Wapawekka Lumber
Community Resistance Score	No Community Resistance
Legitimacy and Voice	Inclusive planning process initiated well in advance of the partnership.
Management Structure	Band leadership set the direction of economic development activities. General manager was provided with the freedom to run the business, while the Kitsaki board of directors (the band council) received detailed reports on the performance of the venture.
Performance	Confident leadership. Chief had held post for 13 years prior to the launch of the venture. Original recruitment team included members from the band, as well as members from Wapawekka and Weyerhaeuser. Selection process lasted two days; candidates were selected based upon likelihood of success in the workplace. No formal commitment to hire a predetermined proportion of workers from each community. Only a commitment to “Aboriginal employment”.

	Wapawekka Lumber
Fairness	<p>Project with Weyerhaeuser was limited to \$20 million to ensure that First Nation partners held a substantial ownership position.</p> <p>First Nation partners are guaranteed control in decision-making, as all large decisions require a supermajority. In essence, two of the chiefs on the board of directors must vote with Weyerhaeuser.</p>

4.4 Summary of Best Practices Drawn from the Case Studies

1. A process that ensures voice and the incorporation of community concerns into business plans and practices must be established for any venture that impacts community members. This process should be initiated before the launch of the partnership with a corporate partner. If the venture is sufficiently large and/or the business area is new to community members, community leaders may consider involving community members directly in the review of partnership proposals. This process created significant community support in Waswanipi.
2. The establishment of a development corporation that is subsidiary to the band government creates a management scheme that separates business from politics while maintaining accountability to community members. In the case of Wapawekka, management is obligated to provide the Council with extensive reports on business affairs and Council. The Council is accountable to the community and sets the broad policy directions of the business.
3. The successful transfer of management capacity to the First Nation community is highly influenced by human resource policies. In order to transfer capacity, community members must be employed by the venture. However, those employed by the partnership must also be highly motivated and capable of benefiting from training and capacity building activities. Thus, hiring should be based on both individual merit and community affiliation.
4. Gradual relationship building between the partners prior to the launch of a major venture is of central importance to the success of a corporate-Aboriginal partnership. The process of gradual trust building provides the partners with the opportunity to develop an understanding of each other's goals and vision for the future. This process allows for the development of a fair agreement that satisfies both parties and incorporates the concerns of community members.

5 Analysis – Selecting Processes for Successful Corporate-Aboriginal Partnerships

5.1 Issue Definition and Policy Objectives

This section of the study provides First Nation leaders with an analysis of alternative processes that a community can use to encourage successful partnerships. The alternatives flow from the key lessons learned in each of the case studies presented in section four. The analysis in this section addresses the following:

First Nation leaders require a set of processes that achieve an optimal balance between accountability to community members and a separation between business and politics.

The optimal balance between accountability and a separation between business and politics will depend upon many things. While the case studies presented in this study do indicate that it is possible to maintain accountability while separating the business and political spheres, it is not clear that such processes are feasible or desirable in every community. Criteria such as cost, timeliness and impact on business relations with the corporate partner may limit the application of various processes in a particular community. This study does not provide specific policy advice for a particular community. Instead, the objective of this section is to identify the tradeoffs that a community will confront when selecting processes that encourage a successful corporate-Aboriginal partnership. This section begins by identifying the characteristics of alternative First Nation governance typologies for pursuing corporate Aboriginal partnerships. Following an explanation of the alternatives, the criteria for assessing each alternative are presented. Each alternative is then assessed against the criteria. The analysis concludes in section 5.6 with a review of the tradeoffs and implications that should be considered by First Nation leaders who engage in processes to support corporate-Aboriginal partnerships.

5.2 Alternatives

Governance processes impact both the degree of separation between business and politics and the level of accountability to community members. The case studies presented in this study were evaluated with respect to four governance principles: legitimacy and voice, accountability,

performance, and fairness. When selecting processes for corporate-Aboriginal partnerships, First Nation communities have four broad options:

1. Engage in democratic processes that maintain accountability and create a high degree of separation between business and politics;
2. Engage in patronage processes that maintain accountability while sacrificing the degree of separation between business and politics;
3. Engage in technocratic processes that sacrifice accountability while creating a high degree of separation between business and politics; or
4. Engage in a combination of the processes identified in 1, 2 and 3.

This section presents a systematic evaluation of three alternative typologies for First Nations governance processes. The characteristics of the alternative processes listed in Table 10 below were generated using both theoretical modelling, a technique for estimating what a process would look like given certain conditions, and the comparative modelling procedure presented in section 4 of this study.

for the determination of tradeoffs and tensions between general approaches to governance. The characteristics of each alternative are presented below.

5.2.1 Alternative 1. Democratic Processes – High Accountability and High Separation of Business and Politics

5.2.1.1 Characteristics of Democratic Planning Processes

The activities in the community of Waswanipi prior to the launch of Nabakatuk Forest products provide an example of processes that are both democratic and serve to incorporate community concerns into business plans and practices. The Waswanipi Cree place a strong emphasis on democratic processes. In addition to the extensive use of general assemblies and votes, the process used to incorporate community concerns into the negotiation process contributed significantly to the degree of community support enjoyed by the venture. By allowing band members to review alternative partnership proposals through a focus group process, community leaders were able to effectively involve residents in the corporate-Aboriginal partnership planning process. The agreement between Domtar and Mishtuk contained several provisions that served to incorporate community concerns into business plans and practices. For example, the requirements that loggers seek input from trappers regarding where to cut and that the sawmill will close for two weeks every fall and spring to allow for traditional moose and goose hunts certainly helps to address the concerns of local hunters.

5.2.1.2 Characteristics of Democratic Management Structures

The organizational processes employed in both Waswanipi and Lac La Ronge; provide examples of processes that ensure accountability while separating business and politics. In the case of the Kitsaki Development Corporation in Lac La Ronge, the Chief and Council set the direction for economic development activities. The general manager is responsible for running the day-to-day operations of the business in a business-like manner, while the board of directors (the band council) receives detailed reports on the performance of each venture. At Kitsaki, the organizational process used to organize economic development is that of a subsidiary development corporation. The corporation takes administrative burden off the band government while it also provides chief and council with the ability to influence policy and major decisions. Under this structure, the development corporation board of directors reports to the chief and council. Council sets policy and selects the board of directors.

In Waswanipi, the community was fortunate enough to have a local person who was capable of assuming general management responsibilities at the Mishtuk Corporation. This helped to ensure accountability to the community. During the initial phases of the venture with Domtar, the late Peter Gull, a former Chief in Waswanipi, was the general manager of Mishtuk. Having a Waswanipi person in charge guaranteed an open channel of communication. Concerned citizens were able to get an explanation in their own language by someone with an appreciation of the Waswanipi culture. Research for this study has found that trust, explanation and learning are key determinants of community support.

5.2.1.3 Characteristics of Democratic Hiring Policies

The human resource policies at Wapawekka Lumber provide an example of hiring practices that encourage both a separation between business and politics and a high quality workforce. When the recruiting process at Wapawekka first got underway, the recruiting and assessment team included members from the band, as well as members from Wapawekka and Weyerhaeuser. According to Weyerhaeuser, having band members on the recruiting team forced the bands to make hard decisions. This process helped to educate band members on the importance of separating business and politics. “It was a good learning experience for the bands” (Interviewee G, 2005).

Original hiring criteria included completion of grade 12. The original recruitment and assessment process lasted two days and included group activities such as role-playing and problem solving. This process not only helped recruiters in selecting motivated and qualified applicants, it also created a sense of fairness among recruits who were able to see how others performed during the group exercises.

5.2.1.4 Characteristics of Democratic Partnership Building Activities

The experience of Wapawekka Lumber provides an example of a relationship building process with a corporate partner. From the awarding of a harvesting contract to WCR in the fall of 1994, to the signing of a memorandum of understanding in 1996, to the eventual opening of the mill in May of 1999, the relationship between Weyerhaeuser and Woodland Cree Resources has evolved slowly over many years. The initial stages of the relationship represent a “low-risk engagement period” (NAFA, 2000, p. 72). During this period, the partners were able to demonstrate to one another that a successful business relationship was possible. The engagement

period also allowed each partner to become familiar with the goals of the other partner before entering into the agreement to build and operate the sawmill.

5.2.2 Alternative 2. Patronage Processes – High Accountability and Low Separation of Business and Politics

5.2.2.1 Characteristics of Patronage Management Structures

The band council can be involved in the day-to-day management of band owned businesses through internal management of economic development. Internal management assigns all major decisions and tasks associated with the venture to the band government. The band runs the business as a program area such as health or housing. This structure has the potential to be very demanding. The structure requires that band government members have sufficient business expertise. External advisory panels are sometimes assembled in order to fill in gaps in internal business expertise.

5.2.2.2 Characteristics of Patronage Hiring Policies

Under certain circumstances, hiring for reasons other than merit may be desired. For example, community leaders may feel that ensuring maximum employment from their community is the number one priority, even if this means rejecting applicants from qualified Aboriginal people from outside the community. Hiring decisions can also be based on policies that are intended to spread wealth evenly across the community. For example, community leaders might feel that it is equitable to limit employment in the new business to one job per household.

5.2.2.3 Characteristics of Patronage Partnership Building Activities

First Nation leaders may choose to select partners solely on the basis of immediate benefits. Such benefits might include job creation and access to capital. This option may be appropriate for short-term projects where it is not necessary for each partner to understand the long-term vision of the other.

5.2.3 Alternative 3. Technocratic Processes – Low Accountability and High Separation Between Business and Politics

5.2.3.1 Characteristics of Technocratic Planning Processes

There may be circumstances where community leaders feel that it is appropriate to plan for business development on the basis of science and technical expertise alone. This option will usually require accessing assistance from outside the community. This alternative has the potential to create a strong separation between business and politics as plans are based solely on the areas such as risk management and profit maximization. Community leaders may feel that this option is appropriate for business ventures that are not expected to impact community members in terms of employment or through the extraction of natural resources.

5.2.3.2 Characteristics of Technocratic Management Structures

First Nation leaders may choose to manage economic development through an independent development corporation. Management by an independent development corporation involves the establishment of a special corporation with a board of directors that is separate from the band council. Independent development corporations make decisions such as hiring and firing of personnel independently of band government. It is argued that this organizational form is the most effective form for separating business and politics. However, the corporation may require resources, assets and land that are controlled by the band council.

5.3 Criteria for Assessing Alternatives

First Nation leaders who are selecting processes for engaging in corporate partnerships should consider impacts in several areas. These include:

1. ***The level of community support.*** The process should engender community support for the partnership. The process should encourage accountability of the business to the community.
2. ***The impact that the process will have on the relationship with the corporate partner.*** The costs and benefits of the process should be reasonable in the eyes of the corporate partner. The process should be in line with any agreements made by the partners. The process should encourage a separation between business and politics.
3. ***The relative cost.*** The process should be of the lowest cost possible.

4. **The relative timeliness.** The process should be as timely as possible.

While these criteria will undoubtedly vary across communities and business sectors, it is possible to present First Nation leaders with an analysis of the general trade-offs that they are likely to confront. An analysis of trade-offs is achieved by assessing each alternative process against the criteria established above. Table 11 provides a description of how each criterion is measured.

Table 11: Criteria and Measures

Criterion	Measure
Level of Community Support	<p>Positive Impact:</p> <ul style="list-style-type: none"> • No signs of community resistance. <p>Negative Impact:</p> <ul style="list-style-type: none"> • Blockade. • Community demonstrations. <p>Uncertain Impact:</p> <ul style="list-style-type: none"> • Impacts may be positive or negative depending upon the community and the business venture.
Impact on Relationship with Business Partner	<p>Positive Impact:</p> <ul style="list-style-type: none"> • Costs and benefits of the process are reasonable in the eyes of the corporate partner. <p>Negative Impact:</p> <ul style="list-style-type: none"> • Corporate partner pulls out of partnership. • Corporate partner demands compensation in exchange for allowing governance process. <p>Uncertain Impact:</p> <ul style="list-style-type: none"> • Impacts may be positive or negative depending upon the community and the business venture.
Relative Cost	<p>Positive Impact:</p> <ul style="list-style-type: none"> • Process is less expensive relative to alternative identified. <p>Negative Impact:</p> <ul style="list-style-type: none"> • Process is more expensive relative to alternative identified <p>Uncertain Impact:</p> <ul style="list-style-type: none"> • Impacts may be positive or negative depending upon the community and the business venture.

Criterion	Measure
Relative Timeliness	<p>Positive Impact:</p> <ul style="list-style-type: none"> • Process requires less time relative to alternative identified. <p>Negative Impact:</p> <ul style="list-style-type: none"> • Process requires more time relative to alternative identified <p>Uncertain Impact:</p> <ul style="list-style-type: none"> • Impacts may be positive or negative depending upon the community and the business venture.

5.4 Review of Impacts and Implications

5.4.1 Alternative 1: Impacts of Democratic Processes

Table 12: Impacts of Alternative 1. Democratic Processes

Criteria	Impacts of Democratic Planning Process	Impacts of Management by Subsidiary Development Corporation	Impacts of Hiring Based Exclusively on Merit	Impacts of Gradual Relationship Building with Corporate Partner
Community Support	Positive Impact. The incorporation of community concerns into business plans and practices will generate community support.	Positive impact. Under this option, community members are able to impact the broad policy directions of the business through the band council.	Uncertain impact. If a sufficient number of community members are hired on the basis of merit, this option may encourage community support provided that the hiring process is transparent and explained.	Positive impact. A slow process of relationship building will provide community members with more opportunity to question the goals of the corporate partner and raise concerns.

Criteria	Impacts of Democratic Planning Process	Impacts of Management by Subsidiary Development Corporation	Impacts of Hiring Based Exclusively on Merit	Impacts of Gradual Relationship Building with Corporate Partner
Impact on Relationship with Business Partner	Uncertain impact. The corporate partner may not accept the incorporation of community concerns into business plans and practices.	Positive Impact. The corporate partner will value the opportunity to deal with a management team that is free from political interference.	Positive impact. The corporate partner will value the fact that the workforce is of the highest possible quality.	Positive impact. Relationship building over time provides the opportunity for the partners to demonstrate to one another that a successful business relationship is possible. This process also gives the corporate partner a chance to develop an understanding of the goals of the First Nation community.

Criteria	Impacts of Democratic Planning Process	Impacts of Management by Subsidiary Development Corporation	Impacts of Hiring Based Exclusively on Merit	Impacts of Gradual Relationship Building with Corporate Partner
Relative Cost	<p>Negative impact relative to planning based on science and technical expertise alone. If it is assumed that technical expertise will be required regardless of the type of democratic processes selected, this alternative will result in a higher cost than technocratic planning.</p>	<p>Uncertain impact relative to internal management. If the scale of the business venture is sufficiently large, the establishment of a subsidiary development corporation with independent management may be warranted on the basis of cost. However, if the scale of the business venture is such that the band council can effectively run the business and the government internally, this option will result in higher costs relative to internal management.</p>	<p>Positive impact relative to hiring based on criteria other than merit alone. Hiring based on merit will ensure a workforce that is of the highest possible quality. This will encourage productivity.</p>	<p>Negative impact relative to partnership selection on the basis of immediate benefits. A slow process of relationship building will require substantially more time and expense than a partnership that is formed out of a reaction to an opportunity.</p>

Criteria	Impacts of Democratic Planning Process	Impacts of Management by Subsidiary Development Corporation	Impacts of Hiring Based Exclusively on Merit	Impacts of Gradual Relationship Building with Corporate Partner
Relative Timeliness	Uncertain impact relative to planning based on science and technical expertise alone. If it is assumed that technical expertise will be required regardless of the type of democratic processes selected, this option may result in a longer planning process than purely technocratic planning.	Uncertain impact relative to internal management. If the business venture is sufficiently complicated, the time spent to establish a subsidiary development corporation with independent management may be justified. However, if the venture is small and straightforward, this option will create higher costs relative to internal management.	Negative impact relative to hiring based on criteria other than merit alone. Thorough screening practices required to implement this option will take longer than those required for hiring based on criteria other than merit.	Negative impact relative to partner selection based on the receipt of immediate benefits. Relationship building among partners may take many years and will require more time than a partnership formed in reaction to a new opportunity.

5.4.2 Alternative 2: Impacts of Patronage Processes

Table 13: Impacts of Alternative 2. Patronage Processes

Criteria	Impacts of Internal Management	Impacts of Hiring Based on Criteria other than Merit	Impacts of Partnership Selection on the Basis of Immediate Benefits
Community Support	<p>Uncertain impact. Community members may value the high degree of accountability created when First Nation leaders participate in the day-to-day management of the business. However, this alternative also creates the possibility that some community members may feel that decisions are being made in an unfair manner.</p>	<p>Uncertain impact. Community members may value the leadership's ability to ensure a pre-determined number of jobs for the community. However, without a transparent and rigorous screening process, those individuals denied employment might feel that they were not treated fairly.</p>	<p>Negative impact. This option does not provide community members with sufficient time to develop an understanding of the corporate partner and to provide input into the business plans.</p>
Impact on Relationship with Business Partner	<p>Negative impact. The corporate partner may become concerned over the possibility that business decisions may be influenced by band politics.</p>	<p>Negative impact. The corporate partner will be concerned that the workforce is not of the highest possible quality.</p>	<p>Negative impact. When partners are selected on the basis of immediate benefits, and not mutual understanding and trust, the partnership is more likely to encounter problems during the implementation phase.</p>

Criteria	Impacts of Internal Management	Impacts of Hiring Based on Criteria other than Merit	Impacts of Partnership Selection on the Basis of Immediate Benefits
Relative Cost	Uncertain impact relative to external management and management by subsidiary development corporation, both of which involve the creation of a management team that is separate from the band council. As indicated in section 5.4.1, the relative cost of external management is dependent upon the size and complexity of the venture.	Negative impact relative to hiring based on merit alone. This option may result in a less productive workforce than hiring based on merit alone. Reduced productivity will mean higher relative costs.	Positive impact relative to partner selection after years of relationship building.
Relative Timeliness	Uncertain impact relative to external management and management by subsidiary development corporation, were the business is managed independently from the band council. If the venture is sufficiently complicated, it may be the case that the establishment of management that is independent from the band council will result in a timelier launch of the partnership.	Positive impact relative to hiring based on merit alone. The screening process required to implement this option will take less time than hiring based on merit alone.	Positive impact relative to partner selection after years of communication and trust building.

5.4.3 Alternative 3: Impacts of Technocratic Processes

Table 14: Impacts of Alternative 3. Technocratic Processes

Criteria	Impacts of Technocratic Planning Processes	Impacts of Management by Independent Development Corporation
Community Support	Negative impact. The community will not support the exclusion of community concerns in the planning process.	Negative impact. The community will not accept the lack of accountability generated by this option.
Impact on Relationship with Business Partner	Uncertain impact. Some corporate partners may recognize the need for the development of a social license to operate.	Positive impact. Corporate partner will appreciate the opportunity to deal with a corporation that is devoid of band politics.
Relative Cost	Positive impact relative to democratic processes. It is assumed that technical planning will be required regardless of whether democratic practices are incorporated into the planning process. Therefore, all democratic processes are assumed to result in incremental costs.	Uncertain impact relative to internal management, where business is run by band leaders. As indicated in section 5.4.1, the relative cost of external management is dependent upon the size and complexity of the venture.
Relative Timeliness	Uncertain impact relative to democratic planning. If the technical planning is conducted concurrently with democratic planning, democratic planning will not impact the timeliness of the planning process.	Uncertain impact relative to internal management, where the band government manages the business. If the venture is sufficiently complicated, external management may result in a timelier launch of the partnership.

5.5 Summary of Impacts and Implications

Table 15, below, provides a summary of the impacts and implications of each alternative. In the table, the characteristics of each alternative are summarized as having either a positive (denoted by '+'), negative (denoted by '-'), or uncertain (denoted by '?') impact with respect to the indicated criteria. A consideration of the tradeoffs indicated in Table 15 is presented in section 5.6.

Table 15: Summary of Impacts and Implications

		Community Support	Impact on Relationship with Business Partner	Relative Cost	Relative Timeliness
Alternative 1. Democratic Processes	Impacts of Democratic Planning Process	+	?	-	?
	Impacts of Management by Subsidiary Development Corporation	+	+	?	?
	Impacts of Hiring Based Exclusively on Merit	?	+	+	-
	Impacts of Gradual Relationship Building with Corporate Partner	+	+	-	-
Alternative 2. Patronage Processes	Impacts of Internal Management	?	-	?	?
	Impacts of Hiring Based on Criteria other than Merit	?	-	-	+
	Impacts of Partnership Selection on the Basis of Immediate Benefits	-	-	+	+

		Community Support	Impact on Relationship with Business Partner	Relative Cost	Relative Timeliness
Alternative 3. Technocratic Processes	Impacts of Technocratic Planning Processes	-	?	-	?
	Impacts of management by Independent Development Corporation	-	+	?	?

5.6 Consideration of Trade-Offs

Based upon the analysis presented in sections 5.4 and 5.5, it is possible to identify the types of general trade-offs that a First Nation community will face when selecting processes for engaging in corporate-Aboriginal partnerships. This analysis is summarized below in the form of four major decisions that must be confronted by First Nation leaders who are selecting processes for entering into such relationships. Consideration of the trade-offs identified below provides First Nation leaders with a useful starting point for selecting processes within their own communities.

5.6.1 Decision #1: Will the Approach to Planning be rooted in Democracy or Technical Know How?

This analysis assumes that technical planning will be required in all cases. Thus, the decision is whether the positive impacts of democratic planning processes, such as those achieved in the case of Nabakatuk, outweigh the costs. In the case of Nabakatuk, community members were organized into focus groups that were responsible for analyzing various components of the proposal from Domtar. Unfortunately, it is not clear if this particular process should be applied in each community. What is clear is the importance of some mechanism that ensures community voice in economic development. The Meadow Lake Tribal Council experienced the strongest degree of community resistance of all partnership case studies presented in this study. Of the four

governance principles examined, legitimacy and voice had the most important influence on the community's reaction to the venture. Through NorSask, the MLTC forged ahead with their partnership with Millar Western before sufficient consultation and education of the community had taken place. Sources consulted for this study repeatedly admitted that the First Nation partner attempted to learn along the way because nothing like this had happened before. As one source put it, the venture entailed a "continual learning process" (Interviewee C, 2005). The research conducted for this study indicates that under no circumstances should business decisions that impact community members be made without undertaking some form of inclusive planning process.

5.6.2 Decision #2: How will Accountability be ensured?

In general, First Nation Leaders can choose from three alternative management structures. These include: internal management, management by independent development corporation, and management by subsidiary development corporation (Lewis et al. 1992). The benefits and drawbacks of each management structure are presented below.

Internal management may be appropriate for small projects. It can provide band government members with an opportunity to gain experience and skills and to build self-confidence in business dealings. If the venture is sufficiently small, this option may be preferable to external management and management by subsidiary development corporation, which carry the costs of establishing a management team that is separate from the band government. However, internal management does not create a separation between business and politics.

It should be recognized that a strong separation of business and politics is difficult to achieve and carries some considerable drawbacks. Many contend that local politics are always a part of band owned businesses (or partnerships), no matter how the venture is managed. It is argued that independent development corporations try to ignore community tensions rather than face up to them. Other concerns are raised around the fact that independent corporations may be seen as a second band council. This can create strong division among band members as some people choose sides and each organization struggles for power in the community (Lewis et al. 1992).

Management by independent development corporation has been implemented in a number of U.S. native communities with mixed results. In a number of cases, power struggles between development corporations and band councils have put significant stress on band businesses. The realization that a true separation of business and politics is not possible or

beneficial is likely the reason why independent development corporations are seldom found in Canadian communities. In fact, one author has gone so far as to assert that there is only one independent development corporation in Canada. According to Jacquelyn Thayer Scott, “few true firewalls exist between business operations and political governance in Canada’s First Nations. Indeed, senior Indian and Northern Affairs Canada officials identified only one – the Labrador Innu Development Corporation – and it is still relatively new and inexperienced” (2004, p. 18).

Management by a subsidiary development corporation attempts to address the negative impacts of internal management and management by independent development corporation. The corporation takes administrative burden off the band government while it also provides chief and council with the ability to influence policy and major decisions. Under this structure, the development corporation board of directors reports to the chief and council. Council sets policy and selects the board of directors. The subsidiary development corporation management structure has several key advantages. According to Mike Lewis et al., “a subsidiary development corporation seems to offer the best of both worlds. It neither overloads the band government with work, nor competes with it. It can spur economic growth, yet be responsive to the long-term goals of the band” (1992, p. 47).

5.6.3 Decision #3: What will be the basis for Hiring Decisions?

While it is assumed that merit will always impact hiring decisions in some way, there remains the question of whether merit will be the only criteria used for hiring decisions. Other criteria such as hiring a pre-determined number of workers from a particular community may also play a role in hiring decisions. In the case of Wapawekka, Weyerhaeuser made no commitments to hire a pre-determined number of employees from each community, basing hiring decisions instead upon merit alone. The intensive 2-day interviewing and screening processes at Wapawekka, which included role-playing and group problem-solving activities, resulted in the recruitment of a highly capable and motivated workforce. The calibre of workers recruited enabled Wapawekka to successfully train the workers in all areas of the mill prior to opening. As a result of this training, staff members were able to raise ideas for innovation and contribute to the management of the mill. In short, the recruitment of capable candidates at Wapawekka helped to encourage the transfer of management capacity from the corporate partner.

The experience at Wapawekka reveals the importance of hiring practices that are based on merit. In the case of Wapawekka, hiring based on “merit” meant hiring individuals with the

skills or capacity to learn the skills that are required for workplace success. However, it is important to ensure that community members feel they are receiving a fair proportion of the benefits. It is clear that hiring policies will vary with the workforce available in each community. In some cases it may be appropriate for basic skills training providers in the community to work with the new business in order to assist with the integration of community members into the business.

5.6.4 Decision #4: What will be the basis for Partner Selection?

It is assumed that benefits will flow to each partner as a result of the partnership. The question is whether the benefits of slowly building a relationship built on trust and mutual understanding are worth the time and expense. In the case of Wapawekka, the engagement period between Woodland Cree Resources and Weyerhaeuser lasted over five years before the mill opened its doors in 1999. During the interviews, representatives from both the First Nation and the corporate side indicated that the strong relationship between the partners enabled the success of the partnership. According to Weyerhaeuser, “the fact that Wapawekka has performed well, despite the softwood lumber duties, is a testament to the partners” (Interviewee G, 2005).

Slow relationship building also occurred in Waswanipi where the period between initiation of talks and opening Nabakatuk lasted over three years. According to Domtar, the “community had begun to realize that it was in their best interest to deal with Domtar” (Interviewee F, 2005). The experiences of Wapawekka and Nabakatuk both indicate that relationship building is crucial to a successful corporate-Aboriginal partnership.

The case studies indicate two ways of approaching this relationship building. In the case of Wapawekka, small contracting relationships were used during the engagement period before launching the mill project. In the case of Nabakatuk, the negotiation process was drawn out over several years so that community members could truly understand issues, raise concerns and influence the final agreement. According to a representative from Waswanipi, “all the aspects had to be explained and understood... the process in Waswanipi involved numerous, and I mean numerous, general assemblies. More than one every three months” (Interviewee E, 2005).

6 Conclusions and Future Research

This study provides First Nation leaders with a number of alternative processes that can be pursued in order to encourage a corporate-Aboriginal partnership that balances accountability and the separation of business and politics. In selecting processes, community leaders are faced with four broad decisions. These decisions are concerned with: voice, reporting relationships, human resource policies, and partner selection. This study identified the tradeoffs that community leaders are likely to face in each of these decision areas. The analysis presented in section 5 provides First Nation leaders with a useful starting point to begin thinking about the types of processes that would have to be implemented in order to execute a successful corporate partnership. While the consideration of the alternatives and tradeoffs presented in section 5 is useful, it is only the first step in the development of a cohesive plan for implementing a corporate-Aboriginal partnership. First Nation communities would be well served to conduct research in each of the four decision areas that is specific to the circumstances of their community.

In conducting this research, First Nations leaders should consider the profound impact that open and extensive communication will have on good governance in all four decision areas. A commitment to information exchange and education among partners and within the community will greatly improve the chances of a successful venture that balances accountability with the separation of business and politics. Through dialogue, the corporate partner and the community can develop a greater appreciation for the competing demands that First Nations leaders must deal with in pursuing corporate-Aboriginal partnerships. Over time, this understanding will help to create an environment where First Nation leadership can adopt governance processes that balance competing objectives and encourage successful partnerships.

Bibliography

Works Cited

- A "corporate Indian" success story: Meadow Lake Bands turn government grants into jobs and profits. (1994, December 19). *Canadian Business and Current Affairs Western Report 9* (47), pp. 21-22. Retrieved from Canadian Newsstand Database November 10, 2004.
- Anderson, R. (1997). *Economic development among first nations a contingency perspective*. Saskatoon: University of Saskatchewan Press.
- Band Members Demand Accountable Leaders. (1997, October 5). *Canadian Press Newswire*. Retrieved from Canadian Newsstand Database November 10, 2004.
- Brubacher, D. (1998). Aboriginal forest joint ventures: elements of an assessment framework. *Forestry Chronicle*, 74 (3), pp. 353-358.
- Chambers, F. (2003). *Public involvement in Canadian forest management: a case study of Mistik Management*. Paper delivered to the XIII World Forestry Congress, Quebec City, Canada.
- Cornell, S. (1987). Indian reservation economic development: some preliminary hypotheses. *Harvard Project on American Indian Economic Development website*. Retrieved October 5, 2004 from: <http://www.ksg.harvard.edu/hpaied/docs/PRS87-6.pdf>
- Decter, M, & Kowall, J. (1989). *A case study of the Kitsaki Development Corporation, La Ronge Indian Band, La Ronge, Saskatchewan*. Ottawa: Economic Council of Canada.
- Domtar (2004). Sharing expertise: Domtar forges business partnerships with First Nations. *Domtar website*. Retrieved on December 2, 2004 from http://www.domtar.com/Navigateur_Standard/FEATURES/EN/HTML/26_EN.asp?flash=1
- Domtar, Cree to build sawmill: some trappers opposed. (1995, April 17). *Canadian Press Newswire*. Retrieved from Canadian Newsstand Database November 10, 2004.
- Ferrazzi, G. (1989). Forging Aboriginal/non-Aboriginal partnerships: the joint venture model. *Canadian Journal of Aboriginal Studies*, 9 (1), pp. 15-33.
- Graham, J. & Edwards, H. (2003). Options for commercial enterprises in First Nations. *Institute on Governance website*. Retrieved October 5, 2004 from <http://www.iog.ca/publications/FNenterprises.pdf>.
- Hatton, B. (1995). *Developing CED business ventures*. Burnaby: SFU Community Economic Development Centre.

- Ives, T. (2002). Partnerships created with the forest industry and potential impacts on the community's economy. In *Aboriginal forestry 2001: capacity building, partnerships, business development and opportunities for Aboriginal youth*. Edmonton: Canadian Forestry Service Northern Forestry Centre.
- Jorgensen, M. & Taylor, J. (2000). What determines Indian economic success? Evidence from tribal and individual Indian enterprises. *Harvard Project on American Indian Economic Development website*. Retrieved October 10, 2004 from http://www.ksg.harvard.edu/hpaied/res_all.htm.
- Joy, J. (1999). Joint ventures and Aboriginal economic development: you can't even be like you once were yourself, let alone like somebody else. *Whyte Oppenheimer and Baker Barristers and Solicitors website*. Retrieved October 2, 2004 from http://www.wob.nf.ca/News/1999/Nov%2099/joint_ventures1.htm.
- La Rusic, I.E. (1991). Managing Mishtuk: the experience of Waswanipi band in developing and managing a forestry company. In P. Elias (Ed.), *Northern Aboriginal Communities: Economies and Development*. North York: Captus Press.
- Langer, V. (1992, November 14). The sad standoff at Canoe Lake. *Globe and Mail*. p. D2.
- Lewis, M. & Hatton, W. (1992). *Aboriginal joint ventures: negotiating successful partnerships*. Vancouver: Centre for Community Enterprise.
- Lewis, M. Hunter, L. Green, F. Wilson, J. McNair, D. (1992). *Take charge! How to make economic development work for your band*. Vancouver: Centre for Community Enterprise.
- McBride, J. & Gerow, R. (2002). Minding our own businesses: how to create support for first nations businesses in Aboriginal communities. *Simon Fraser University Community Economic Development Centre website*. Retrieved October 20, 2004 from <http://www.sfu.ca/cscd/CSCD/sub-pages/First%20Nations%20CED/MINDING4.PDF>
- McBride, J. (2001). Osoyoos Indian Band. In J. McBride (Ed.), *Our own vision our own plan: what six First Nations organizations have accomplished with their own economic development plans*. Burnaby: Simon Fraser University Community Economic Development Centre.
- Meadow Lake Tribal Council. 1995. *Meadow Lake First Nation 20 year plan: from vision to reality*. Meadow Lake: Meadow Lake Tribal Council.
- National Aboriginal Forestry Association & The Institute on Governance. (2000). *Aboriginal-forestry sector partnerships: lessons for future collaboration*. Ottawa: National Aboriginal Forestry Association.
- Native Investment & Trade Association. (1995). *Financing the Aboriginal economy in the 21st century*. Vancouver: Native Investment and Trade Association.
- Natural Resources Canada. (2002). Waswanipi Cree model forest - phase II: evaluation report. *Natural Resources Canada website*. Retrieved October 25, 2004 from <http://www2.nrcan.gc.ca/dmo/aeb/English/ReportDetail.asp?x=188&type=rpt>

- Natural Resources Canada. (2004). CSR case study: Syncrude Canada ltd. earning its social license to operate – final. *Natural Resources Canada website*. Retrieved October 27, 2004 from http://www.nrcan-rncan.gc.ca/sd-dd/pubs/csr-rse/pdf/cas/syncrude_e.pdf
- Price Waterhouse. (1994). *MLTC Logging and Reforestation, Inc. and NorSask Forest Products Inc.: performance evaluation relative to the industry*. Saskatoon: Price Waterhouse.
- Protectors of Mother Earth Plan to Continue Blockade. (1993, May 17). *Star Phoenix*, p. A2.
- Reclaiming the Land. (1997). Newsletter on boreal forests. *Taiga Rescue Network website*. Retrieved on November 2, 2004 from http://www.taigarescue.org/_v3/files/taiganews/TN28.pdf
- Residents protesting forest clear-cutting. (1992, May 14). *Regina Leader Post*, pp. A9.
- Saskatchewan. (2004). *Saskatchewan Department of Learning website*. Retrieved on October 30, 2004 from <http://www.sasked.gov.sk.ca/docs/tensoc/activity/unit2/act10.html>.
- Scott, J. (2004). Doing business with the devil: land, sovereignty, and corporate partnerships in Membertou Inc. *Atlantic Institute for Market Studies website*. Retrieved November 1, 2004 from <http://www.aims.ca/library/membertou.pdf>
- Simon Fraser University (2004). *Centre for Sustainable Community Development website*. Retrieved October 3, 2004 from <http://www.sfu.ca/cscd/gateway/sharing/principles.htm>
- Subcommittee on Aboriginal Participation in Mining. (1995). Sixth annual report of the intergovernmental working group on the mineral industry, report on Aboriginal participation in mining: increasing capacity. *Department of Indian and Northern Affairs Canada website*. Retrieved November 15 from, http://www.inac.gc.ca/ps/nap/aboparmin5_e.html.
- Sutter, T. (1992, August 10). Mixed feeling over mechanical tree harvester. *Regina Leader Post*, pp. A3.
- Thompson, E. (1997). New sawmill divides Cree village: new joint project between Indians and corporation illustrates changing realities. *The Gazette*, p. A6.
- Wayne Dunn and Associates Canada. (2000). Experiences and thoughts on indigenous business and economic development. *Wayne Dunn and Associates website*. Retrieved November 5, 2004 from http://www.waynedunn.com/reports_lectures/idb_report.pdf

Interviews

- Interviewee A. (2005). Interview with representative from Mistik Management. January, 2005.
- Interviewee B. (2005). Interview with author of a case study on Mistik Management. January, 2005.
- Interviewee C. (2005). Interview with representative from Mistik Management. January, 2005.

Interviewee D. (2005). Interview with representative from Nabakatuk Forest Products. February, 2005.

Interviewee E. (2005). Interview with representative from Waswanipi. February, 2005.

Interviewee F. (2005). Interview with representative from Domtar. February, 2005.

Interviewee G. (2005). Interview with representative from Weyerhaeuser. January, 2005.

Interviewee H. (2005). Interview with representative from Wapawekka. January, 2005.

Works Consulted

Barnsley, P. (1999, July). Joint venture seen as success in the making. *Saskatchewan Sage*, pp. 10-12.

Blockade may be resumed. (1992, July 2). *Regina Leader Post*, pp. A2.

Brock, G. (1992, July 2). Better forest consultation urged. *Regina Leader Post*, pp. C11.

First Nations to build P.A. sawmill with Weyerhaeuser. (1998, April 7). *The La Ronge Northerner*, pp. 8.

Logging blockade has had positive result. (1992, September 25). *Regina Leader Post*, pp. A12.

Native protesters to meet with gov't. (1993, June 3). *Regina Leader Post*, pp. A8.

NorSask, Canoe Lake band agree. (1993, October 6). *Regina Leader Post*, pp. A8.

NorSask. band reach agreement. (1993, October 3). *Regina Leader Post*, pp. A4.

Pauls, C. (1999, April 27). Sharpen your saws. *The La Ronge Northerner*, pp. 1.

Protestors lodge complaint. (1993, May 6). *Regina Leader Post*, pp. A7.

Sutter, T. (1992, August 10). Fight for the forest. *Regina Leader Post*, pp. A3.