

Community-based Enterprise as a Strategy for Development in Aboriginal Communities: Learning from Essipit's Forest Enterprises

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ABSTRACT

There is growing evidence of the socioeconomic importance of Aboriginal forest enterprises. Aboriginal groups that decide to opt-in to the market economy still face significant challenges. One critical challenge is the matter of harmonizing community members' needs with market requirements. Drawing on a case study in the Essipit Innu First Nation in Canada, this paper examines the successes attained by an Aboriginal community-based enterprise (ACBE) strategy in enhancing sustainable local development. Our results indicate that the community had access to, and expanded, human, natural, social and financial capital. Findings also show that Essipit defines success not only in economic terms, but also through a wider array of goals. This research shows a path towards Aboriginal economic success. It emphasizes the importance of developing a model that is integrated into the community and the local culture.

INTRODUCTION

In Canada, Aboriginal Forest Enterprises (AFEs) have been promoted as a promising avenue for improving the socioeconomic circumstances of Aboriginal communities, achieving greater control of activities on their traditional lands, as well as attaining self-determination and economic self-sufficiency (Anderson 1997). However, AFEs face several challenges. One of the most important barriers concerns limited access and control over forest resources, because Aboriginal traditional lands are in many cases overlaid with forest tenures allocated to non-Aboriginal forest companies (Ross and Smith 2002; NAFA 2007). This is important, because several academics found that access and control over forest resources are prerequisites for successful community forest enterprises (Tomaselli et al. 2012; Macqueen 2013) and community forestry more generally (Pagdee et al. 2006). Another challenge, cited in the literature, is a lack of access to financial resources (Wellstead and Stedman 2008; Beaudoin et al. 2009). Additionally, Grant and Taylor (2007) explain that Aboriginal communities are facing the challenge to “manage the boundaries” between business and politics. For example, Trosper et al. (2008) have demonstrated the importance of separating politics from day-to-day business decisions to ensure the profitability of AFEs. This study confirmed a similar conclusion of research with Aboriginal communities in the US (Jorgensen and Taylor 2000). Ineffective government bureaucracy and regulatory frameworks can also hinder the development of AFEs. For example, excessive government restrictions can force AFEs into inefficient operations and prevent them from competing in the market (Booth and Skelton 2011). Finally, Aboriginal communities often face a lack of capacity (Bombay 2010), such as professional, technical, financial, and business skills.

Currently, there are significant knowledge gaps about AFEs, making it difficult to outline indicators of success. Firstly, most forest sciences research on AFEs focused on individual firms or partnerships (Brubacher 1998; NAFA-IOG 2000; Whitting 2001; Wilson and Graham 2005; Trosper et al. 2008; Beaudoin et al. 2009; Boyd and Trosper 2009). Yet evidence from across North America indicates that Aboriginal economic development is predominantly a collective process centered on reciprocity and linked to the ancestral lands of the individual First Nation community (Anderson 1997; Jorgensen 2007). Accordingly, Hindle and Moroz (2010) highlight the importance of the “community” as a theoretical and empirical unit of analysis.

Peredo and Chrisman (2006) introduce the concept of community-based entrepreneurship (CBE) where a community can act corporately in setting up and running enterprises in pursuit of the common good. They explain that socioeconomic stress (e.g. economic crisis, a lack of individual opportunity, social alienation of a community by mainstream society, environmental degradation) can trigger the emergence of CBEs. Furthermore, CBEs are more likely to emerge in communities where previous experience in entrepreneurial and political activities has resulted in incremental learning. Finally, these authors explain that communities where CBEs are present will likely show three characteristics: community skills, multiplicity of goals that are not strictly economic and community participation. In the Aboriginal forestry literature, this concept remains relatively unexplored.

Secondly, several academics indicate that mainstream economic theories do not adequately capture the reality of Aboriginal communities (Trosper 1995; Cornell and Kalt 2000; Hindle and Lansdowne 2005; Dana 2007; Dana and Anderson 2011). For example, Hindle and Moroz (2010, p. 361) specify the additional requirements placed on Aboriginal — as opposed to mainstream entrepreneurship. In the latter:

the key thing that matters is the achievement [...] of a profitable outcome for the principal protagonists of an entrepreneurial venture. Indigenous contexts are markedly different. Depending on circumstance, culture, norms and other variables, Indigenous entrepreneurship may have to take account of a wider array of stakeholders and a wider variety of issues — particularly social impacts — than just the achievement of economic success by individual or firm protagonists.

This view underpins the idea that opportunities are phenomena that are recognized and evaluated on the basis of cultural perception of opportunities (Dana 1995; Dana and Anderson 2007; Dana and Anderson 2011). For this reason, different populations do not value opportunities in the same way; nor do they identify the same opportunities. Aboriginal peoples tend to have particular objectives, knowledge, cultures, values, and capacity, as well as share a communal ethic. Because of these unique circumstances, the scientific literature suggests that Aboriginal communities are likely to identify, evaluate and pursue opportunities differently. This raises the issue of what matters for Aboriginal communities and for what reasons (Hindle and Moroz 2011).

Thirdly, the literature has emphasized the importance of social capital for small and medium enterprises (Julien 2008). Social, economic, and innovation networks can provide strategic information to identify new opportunities or reduce uncertainty and ambiguity around business opportunities (Singh 2000; Julien 2008). For example, Levin (1993) demonstrates that networking activities between enterprises resulted in the creation of several businesses. Furthermore, Johansson and Nilsson (1989) and Selsky and Smith (1994) reveal that community leaders have the ability to develop and maintain networks for the benefit of local entrepreneurs. Porter (1990; 2003) explains that the existence of interconnected businesses in a concentrated geographic area, also called a cluster, has the potential to increase innovation and entrepreneurial activity. These researchers explain that success not only depends on individual businesses, but also on the level of cooperation and communication within a milieu (Julien 2008).

In this vein, the purpose of this paper is to investigate the conditions that gave rise to a model of Aboriginal Community-Based Enterprises (ACBEs) in the Essipit First Nation. The case was purposively selected to provide a closer-grained understanding of AFEs. The following section outlines the methodological considerations of this research. Then, we show how an Aboriginal community can act corporately in developing community-based enterprises in order to address the socioeconomic needs of their community members. Finally, we present our data, discuss the results and set out our conclusions.

METHODOLOGY

Case Study Selection

Essipit is one of nine Innu communities located in the province of Quebec, Canada. The Indian reserve of Essipit encompasses an area of 0.8 km² (see Figure 1). Essipit is located approximately 275 km northeast of Quebec City, along the St. Lawrence River. In total, Essipit counts 673 members of whom 204 live on reserve and 469 live outside the reserve,¹ in adjoining areas and outside the region. The Essipit labour force on reserve totals

¹ Data provided by the Essipit Band Council in November 2013.

FIGURE 1
Location of Essipit Reserve and Nitassinan in Quebec



Source: Essipit Band Council 2013.

101 members. The economy of Essipit is seasonal: 253 full-time jobs out of 485 jobs in total. Thus, the summer season is characterized by full-employment. Essipit community members use the French language on a daily basis.

The Nitassinan, which means “Our Land”, is the traditional territory of Essipit and covers an area of 8403 km² (Lacasse 2004; Gouvernement du Québec 2004). Innu peoples, including Essipit ancestors, have traditionally used and occupied the Nitassinan intensively (Laforest 1983). However, by the mid-nineteenth century, the development of the forest industry, agricultural colonization, hydroelectric development and outdoor activities practised by non-Aboriginal people on the Nitassinan gradually displaced the traditional way of life of the Innu peoples. Consequently, the territory that could be occupied and used by the Essipit people was severely reduced. Their relationship with the land changed,

because of the constraints imposed by the enforced settlement on a reserve and the dominant model of industrial development by non-Aboriginal people and companies on their traditional lands. This shift away from their traditional way of living led to a dependence on the wage economy and government welfare, as well as Innu language decline (Laforest 1983).

Yet Essipit has been cited in the literature as a community with experience in the creation of AFEs and as a community-based model that succeeded both socially and economically (St-Georges 2009; Proulx and Gauthier 2012). This paper explores Essipit's path toward success in terms of economic development that have advanced the autonomy and resilience of the entire community.

Data Collection

Our method employed a case study approach to examine the Essipit model of ACBEs. In 2011, the Band Council of Essipit and the UBC Research Ethics Board approved this research project.

Twenty semi-structured interviews were conducted in Essipit between May 2012 and July 2013. In addition, a six-month internship based in the community between January and July 2013 increased opportunities for participant observation and in-depth engagement with a cross-section of community members. Semi-structured and open-ended questions were designed to elicit information about the history of the creation of Essipit ACBEs, their impacts and benefits for the community, and the enabling conditions that explained their emergence.

We chose key informants with the experience, knowledge and institutional memory that needed to be explored in detail. In total, we met with 17 key informants before reaching a point of data saturation, as explained by Gauthier (2008). Some informants were interviewed twice for clarification purposes. The interviews include three with non-Aboriginal business partners of Essipit in order to corroborate information provided by Essipit community members. All interviews were conducted in French and were recorded.

To build an in-depth picture of our case study (Creswell 1998; De Sardan 2008; Gauthier 2008), we also used three other sources of information in data collection: (1) participant observation carried out in Essipit during the six-month internship; (2) seven focus groups counting 28 participants in total; and (3) documentation provided by Essipit and analysed by the researcher, including: newspaper articles, reports and studies, as well as internal memos, meeting notes, reports, and official letters. These three techniques provided a useful secondary data set that helped to triangulate and contextualize the interviews.

Data Analysis

All interviews were transcribed. Then, we used NVivo 10 to conduct qualitative data analysis. We used a thematic coding strategy to structure and organize the information into themes (codes) covered by the interview questions (Creswell 1998; Miles and Huberman 2003). Then, we used inductive and open coding in order to refine the themes (Babbie 2010). Finally, we reviewed and analysed our secondary set of data in order to complete and confirm our preliminary results. Finally, participants validated the preliminary research results.

RESULTS

The Story of the Essipit Model of ACBEs

From the creation of the reserve in 1892 until the mid-1970s, Essipit experienced a period of cultural, economic, social and demographic decline. The population declined to 95 members in 1966 before starting to increase thereafter, rising to 114 members in 1971, 129 members in 1976 and 139 members in 1980 (Laforest 1983). The reserve consisted mainly of residences for the band members, with very limited public services. The majority of members were employed off the reserve. Consolidated Bathurst, a large forest company, was the largest employer. Laforest (1983) confirms that this company provided a dozen jobs to community members. In terms of forestry activities on Essipit's traditional territory, all logging concessions were allocated to large forest companies, leaving no access for Essipit.

In 1977, some young and formally educated members were elected to the Band Council and they initiated changes at the political and administrative levels. The Council decided to take an approach of "community development" where the Council would act as both a government and an enterprise in order to address the socioeconomic needs of the community. The Council began by developing services and infrastructure on the Essipit reserve.

The small size of the reserve was limiting the development of Essipit. Thus, the Council started to explore other avenues, with the primary objectives of creating jobs for community members. In 1980, the Council hired a Director of Education, Culture and Economic Development. The Director consulted the community members and drew up a list of their skills, work experiences, interests and aspirations. The results of the consultation first indicated the importance of the practice of traditional activities such as hunting, fishing and trapping by community members. In addition, several members also had work experience as loggers. Therefore, the Council concluded that access to forestlands and resources would be key for the development of Essipit business ventures as the Band members had the requisite skills and interest.

The first economic development initiative off reserve began in 1983. Community members, who regularly hunted and fished in the vicinity of the outfitter² Domaine du Lac des Coeurs, discovered that this local business with exclusive commercial rights for managing wildlife resources on 141 km² of the traditional territory of Essipit was for sale. The Council took the necessary steps to acquire the license, the business as well as the infrastructures built on their territory by the outfitter.

In 1985, the Council bid for and won the contract to maintain and repair forest roads on this territory. However, the Council quickly became aware of the high financial costs associated with hiring a contractor. Thus, the Council bought machinery and hired workers to carry out the work themselves. In short, they were not content to be rentiers but quickly moved into setting up and managing another community-based enterprise.

² Essipit outfitters are businesses that provide accommodation and services relating to hunting, fishing and trapping activities. By signing a 9 year renewable lease with the Quebec Ministry of Sustainable Development, Environment, Wildlife and Parks, each outfitter has exclusive rights to harvest wildlife on a defined territory. This means that only the clients of Essipit outfitters can practice hunting, fishing or trapping activities on the territory under lease.

In 1988, Hydro-Quebec³ sent a letter to Essipit announcing that it planned to carry out chemical spraying under power lines on the territory licensed to the outfitter *Domaine du Lac des Coeurs*. This operation was meant to control the vegetation under the power lines of Hydro-Quebec. Essipit, in common with many Aboriginal Peoples, disapproved of chemical spraying for a complex of reasons rooted in their respect for the land and therefore opposed the project. The Council met with a representative of Hydro-Quebec. It insisted that there be no spraying on the territory, and offered to achieve the same result with chainsaws and brush cutters. After negotiation, Hydro-Quebec accepted the proposition of Essipit and, thus, Essipit obtained its first vegetation control contract.

Keeping alert to potential opportunities for expanding the outfitter holdings, the Council purchased a second outfitter in 1989, called *Club Claire* (29 km²). Concomitantly, as part of the referral process, the Council was reviewing forest management plans of forest companies in order to verify whether they intended to carry out any forest operations on the territories of its two outfitters. The Council found that silviculture operations would be carried out on the territories of their outfitters. Essipit met with REXFOR⁴ in order to organize and carry out forestry projects internally. Although REXFOR had some doubts about the ability of the Essipit community to successfully carry out silviculture work (i.e. lack of experience and expertise), REXFOR agreed — after negotiations — to issue an initial pre-commercial thinning contract (around 400 ha). To address their lack of expertise, the Council hired a project supervisor with experience in silviculture, and fulfilled the terms of the contract. As a result Essipit received annual silviculture contracts from REXFOR or a forest license holder for more than a decade.⁵ However, the community stopped its activities in silviculture in 2004 for three main reasons: a shortage of labour, a limited access to contracts, and territorial conflict with the forest license holder responsible for assigning silviculture contracts.

In the 1990s, Essipit decided to consolidate its position in the tourism sector for economic reasons. The Council added four other outfitters to their holdings: *Domaine sportif du Lac Loup* (55 km²), *Lacs Jumeaux* (16 km²), 50% of *Lac Bernier* (32.7 km²), and *Lac à Jimmy* (24 km²). To increase tourist traffic, the Council bought two whales watching cruises, which are very popular in this region of Quebec, and constructed a luxury condominium complex⁶ in 2003. Subsequently, the Council bought in 2013 the outfitter *Club chasse et peche Ste-Anne-de-Portneuf* (48 km²), for a total of seven outfitters with exclusive commercial rights for managing wildlife resources over 385 km² of Essipit traditional territory.

By the early 2000s, Essipit reached full employment in summer time. This situation led to a lack of local labour. Hence, Essipit's economic development goals changed from job creation to: (1) maintaining and improving employment, that is, up-skilling; (2) diversification of income sources for the community, and (3) increasing access to business opportunities in renewable natural resources. Thereafter, the Council focused on pursuing

³ The Quebec government owns Hydro-Québec, a company responsible for generating, transmitting and distributes electricity.

⁴ Created in 1961 by the government of Quebec, REXFOR had the mandate to restore forest productivity on land affected by inadequate logging practices prior to 1986. Notably, REXFOR had the responsibility to administer silviculture contracts.

⁵ To get a better sense of the contracts' importance, Essipit gained a contract for 505 hectares in 1997 and another for 600 hectares in 1998.

⁶ *Condos Natakam* consists of eight buildings of four units located along the St. Lawrence River that can be rented to tourists.

opportunities in partnership with companies that provided the necessary labour. Essipit assumed some of the workload and shared their experience, as well as some of the risks inherent to each project.

As a result of this strategy, Essipit achieved a vertical integration of its fisheries businesses from 2005 to 2010, through the acquisition of companies that carry out harvesting (production), processing and distribution activities. In 2008, the forest company Boisaco⁷ and Essipit signed a Land Management and Development Partnership to improve their collaboration in forestry. A jointly owned company, Granulco, was created in 2009. A Boisaco business partner explained that Essipit and Boisaco also explored the possibility of pursuing logging and wood processing opportunities. He stated:

[Boisaco and Essipit] explored the possibility of a direct participation of Essipit in our company, but it required significant investment. Our forest company has a high value. The down payment was too large for Essipit to buy enough shares to have a significant interest.

Indeed, Essipit Band Council corroborated that the investment costs were too high and they did not pursue this opportunity further. Another business partner explained that the collaboration of Boisaco and Essipit was important: “We want to help Essipit grow and develop economically with us. We are a business of the regional population. We are a cooperative. We have common concerns [...]” Both entities are key economic players in the Haute-Côte-Nord region. They share similar visions and values about the importance of local and sustainable development.

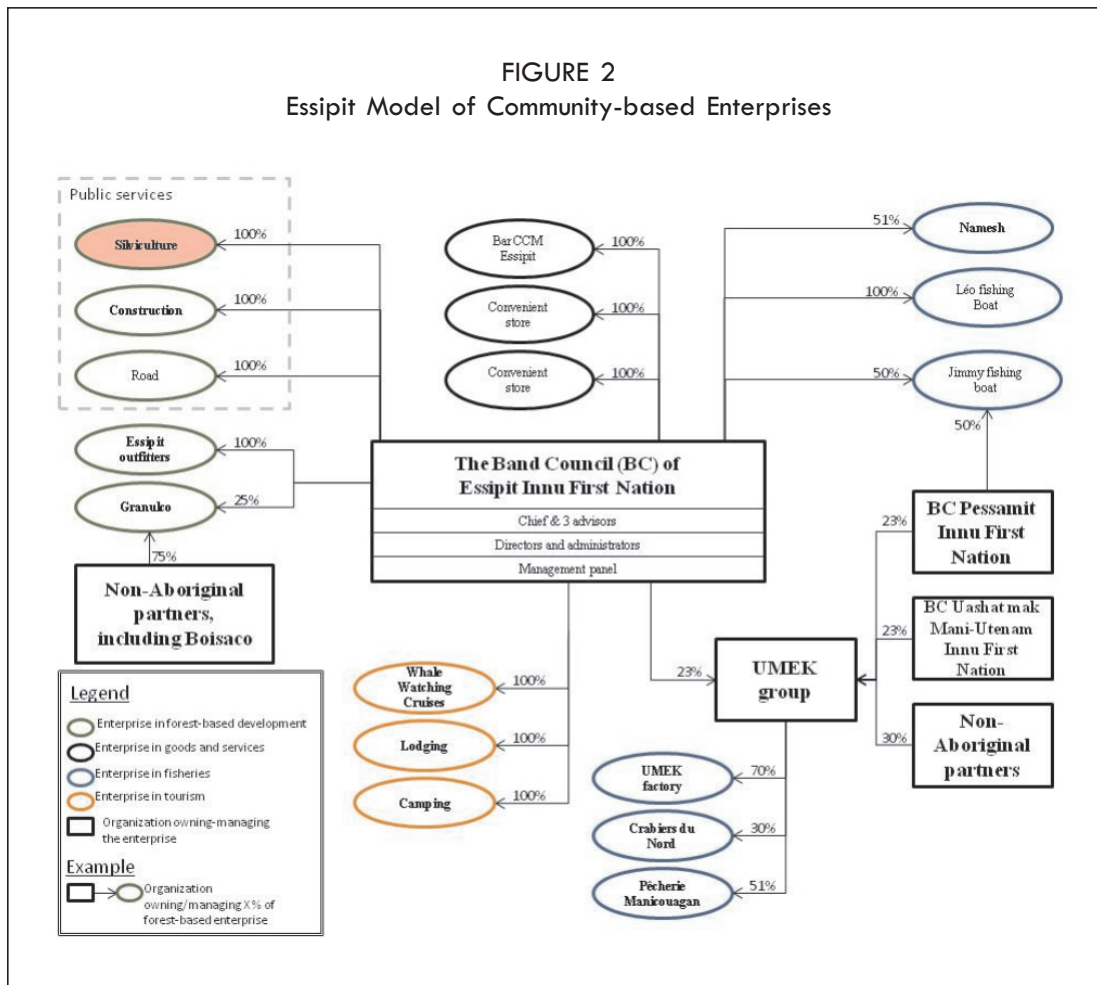
The Band Government

The Band Council of Essipit is the local government as identified under the Indian Act. The Council includes a chief and three advisors. Elections are held every two years: either for the Chief and one advisor or for two advisors. Therefore, an elected official will generally remain in place for four years. On a regular basis, the Council holds a general assembly to report to its members on past and future decisions. The general assembly can dictate a course of action to the Chief and his advisors. In one past instance, the general assembly settled a difficult situation where the Chief and one councillor were opposing the other two councillors. A management panel, composed of elected officials and administrators, reinvests the profits from businesses in other economic sectors in Essipit AFEs.

The Business Organisation

The Essipit business portfolio is made up of approximately 30 businesses that operate in four main economic sectors: public goods and services (e.g. bar, gas station and convenience store), forest-based development (detailed below), tourism (e.g. whale watching cruises and camping) and fisheries (e.g. fishing boats and UMEK fish factory). These busi-

⁷ Boisaco is characterized by a cooperative business model and, thus, is itself a community oriented business owned, in part, by its workers. In April 2013, Boisaco had a guaranteed Annual Allowable Cut of 406,850 m³ of wood. Ministère des ressources naturelles (MRN). 2013 Région d'application des garantie d'approvisionnement (GA) de la Côte-Nord, <<https://www.mrn.gouv.qc.ca/forets/amenagement/documents/droits-region09.pdf>> (February 26, 2014).



nesses are community-owned businesses or joint ventures with Quebec non-Aboriginal enterprises or other First Nations. Figure 2 draws a general portrait of the business portfolio of Essipit.

Forest-based development activities are organized under three business organizations:

- *The Essipit Band Council* was involved in silviculture activities in the past, and is currently involved in construction and road building activities, both on the territories of Essipit outfitters and on Essipit's reserve land. Ownership of the Outfitters has justified hiring workers and purchasing of machinery for building and maintaining forest roads as this line of work complements the tourism activities and enables additional surveillance of their traditional lands. The Council hired one full-time inspector, a full-time worker and three seasonal workers from Essipit, as well as one non-Aboriginal seasonal worker to build and renovate cottages and other facilities of the outfitters.
- *Essipit outfitters* are fully owned by the Band Council and have the legal status of a company. The coordinator of the outfitters takes daily decisions, but strategic matters such as

major investments are discussed between the coordinator and the director of Essipit enterprises. The director also sits on the management panel which has oversight of the financial needs of the outfitters. Every year, the six outfitters generate one permanent job for the coordinator of the outfitters, nine seasonal jobs for “guardians” which are filled by Essipit community members and nine non-Aboriginal jobs, as well as two wildlife technician jobs (seasonal) for non-Aboriginals.

- *Granulco* has the legal status of a company. It produces wood pellets for residential and commercial stoves with an annual production capacity of 25,000 tons. The business is composed of Essipit Innu First Nation (25%), the Society for Economic Development of Sacré-Cœur (25%), SPEQ Investra (25%), the forest company Boisaco (12.5%), the Cooperative Cofor (6.25%) and the Cooperative Unisaco (6.25%). The Board of Directors for Granulco is composed of four individuals, one of whom is an administrator of Essipit Band Council. Apart from an administrator of Essipit who sits on the Board of Directors, Granulco has not hired any worker or management personnel from Essipit. New positions have been posted in the community, without success.

What Matters?

While the initial objective of acquiring outfitters was to create jobs for community members, our interviews and the historical development of the network of businesses reveal a more complex range of reasons for, and benefits of, the Essipit AFEs. We present the six principal categories here, without ranking them in order of importance.

Economic development is a natural outgrowth of the initial job creation objective. Revenue from the Essipit Outfitters has been used primarily to provide good conditions for workers and to improve the facilities of the outfitters. These businesses have generally been able to balance spending and revenues, occasionally posting deficits but usually creating sufficient excess for reinvestment in the business. The following quote summarizes the economic contributions of outfitters, while also highlighting the importance of Essipit community-based enterprises in other economic sectors:

We are successful in managing our outfitters in a way that they don't make deficits. We are even able to reinvest over time. So we have improved the value of our businesses, but they have never [provided dividends]. It has always been the opposite; the management table has always invested in the outfitters. Fisheries bring the money. [...] The outfitters allowed us to participate in forestry, to acquire equipment and make economies of scale elsewhere. For example, we remove the snow on the roads of the reserve. We have loaders, excavators and many other things. Globally, the outfitters buy gas at the convenience store, self-finance, decrease the overall spending of the community and create jobs. It has been a real leverage for development.

In comparison the fishery businesses have not provided employment opportunities for the community, but mainly revenues that have been used for reinvestment and expansion.

Regarding UMEK, we started with an investment of \$77,000 which was repaid after the first year. The value of UMEK was 1.8 million at the beginning; the value is now 4.5 million. [...] We are paid as fishermen. We sell our catches to UMEQ, and then we make gains in added value, transformation and distribution. All the profits of group UMEQ are reinvested. We bought Pêcherie Manicouagan and Crabiers du Nord. This is an interesting development tool.

In fact, the restaurant Namesh and the fishing boats Léo and Jimmy generate every year a minimum of \$500,000 in profit. This money is, in part, reinvested in developing forest-based enterprises.

Building partnerships as an element of economic and other strategies is well-illustrated by Granulco — a business that has not been profitable nor hired any community members since its creation in 2009. Yet, as several interviewees pointed out, the project provided an opportunity to learn to work with Boisaco, which is also a cooperative with its roots in a local non-Aboriginal community. Granulco helped improve cooperation between two key players in the Haute-Côte-Nord region, while also promoting mutual understanding of their realities and struggles.

Originally, yes, we were expecting profits. However, it was a cheap price to pay to test this partnership. What we wanted to test was working with the forest industry.

Because we have worked with the people of [Boisaco], we gained credibility. Now they tend to invite us when they have a project. I don't think they saw us as a natural business partner before [...] Essipit learned how the wood pellet industry was working. We took one step in the forestry sector.

What did work best is that this partnership created a good relation dynamics. Once a year, we meet and exchange. We did not have that before. Yes, we had a certain respect, but these people are now a bigger part of our daily life. It also brings an interesting dynamic where we are more involved, we exchange and we optimize our synergies. There is a difference since the conclusion of an official business partnership.

The **cultural fit** of businesses with Essipit values and traditions, and with the desire of community members to maintain these, is also important. For example, one respondent explained that Aboriginals possess a good knowledge of the territory, as well as hunting, fishing and trapping activities.

In 1983, it was not common to finance economic development projects through the acquisition of outfitters. Yet, if there was one thing the Indians were good at: they could be guides, they could hunt, fish and trap.

Another respondent stressed that the fact that non-Aboriginal peoples occupied the land made it difficult for Essipit people to go out on the land and practice traditional activities. Gaining ownership of the outfitters allows young peoples and elders to partake in cultural and spiritual activities on their traditional land.

There is a lot of land occupation [by non-Aboriginal peoples]. It is difficult to have a place on the territory. It is an issue. Essipit bought outfitters as a means of territorial expansion.

Gaining control of the traditional territories and of natural resources has been a vital outcome of the Essipit businesses, especially in a context where no treaties have been signed between Essipit and the Canadian or Quebec governments, and where Aboriginal rights are still a subject for negotiations. For example, respondent E01 explained that the outfitters provide Essipit with greater power in negotiations with the government and forest companies on issues such as economic participation, accommodation and treaty negotiation.

Since we bought the outfitters, I think that we stop speaking in the abstract about Aboriginal rights. You have more than Aboriginal rights; you have [commercial] hunting and fishing rights. These are exclusive commercial rights owned by the Council. Thus, the idea of discussing, negotiating, finding common ground ... the land is ours.

We facilitated the negotiation process with the government, because if you go tell a landowner that you will expropriate them and that they have to sell to Indians. Imagine how difficult that can be! Now, Essipit did the work for them. The government could have done this [and say] for example: We will solve the problem. We will buy outfitters for [Essipit] and when the time comes, we will hand over the outfitters to them." However, they couldn't do it. We were proactive in this.

In particular, the success of the outfitters enterprise (i.e. commercial rights) helped to access silviculture contracts with Hydro-Québec, REXFOR and private companies. In addition, Essipit has gained greater control over the activities that occur on the outfitter territories and Essipit Nitassinan. Notably it is able to monitor and to control forest access. Controlling the land economically also facilitated the treaty negotiation process between Essipit and the government.

Developing credibility, experience and skills in managing businesses and forest resources management also followed from the observable success of the Essipit businesses. An Essipit respondent mentioned that managerial capacity brought greater influence in their relations with their business partners — an observation echoed by one of Essipit's non-Aboriginal business partners:

They really developed, over the years, their own economy, their own jobs, instead of waiting for the government [...] for financial help and other things. [...] They developed interesting projects that boosted the region. They made everything in their outfitters. They developed whale watching cruises, cottages, tourism. They really developed, in past years, projects that sustain the community. [...] We found synergies, because they showed a lot of potential. People like the economic development director with all his experience; it is good to have him on the Board of Directors, to interact with him and to benefit from his strengths.

Finally, **stability in internal governance** was also identified as an important element. A board of directors oversee businesses, separate from the Essipit Government, thereby limiting political interference in daily business decisions. In addition, two key administrators have been working for the Council for more than twenty years, providing stability and institutional memory for Essipit community and confidence for non-Aboriginal partners.

To make a partnership, it requires good managers. Me, I trust [Essipit]. They have a lot of influence on the other two Aboriginal communities involved in the partnership. [...]The situation has not changed since the beginning, it is the same managers who are there [...] This helps, because we are able to establish business visions. We know each other. There are no surprises. Essipit [political] stability, you don't have it everywhere.

DISCUSSION

We confirm previous research findings that the basic assumptions of mainstream theories are often inadequate for research with Aboriginal communities (Trosper 1995; Cornell and Kalt 2000; Lindsay 2005; Dana 2007; Hindle and Moroz 2010). Our results indicate that economic success is important, but not exclusively so, for Essipit, which adopts a broader view of business success. Even without financial dividends, the research participants perceived Essipit outfitters as successes. Outfitters have generated other benefits over the years, such as quality jobs, negotiation leverage, cultural benefits, as well as experience and skills in business and forest resource management. Similarly, Granulco has not generated any posi-

tive financial returns, yet the respondents qualified this initiative as a success as it promotes cooperation and cultural awareness between Essipit peoples and non-Aboriginal peoples. This suggests a need to consider other measures than profit when evaluating the success of AFEs. That being said, the 2011 Aboriginal Business Survey of the Canadian Council for Aboriginal Business indicates: “perceptions of success are more common among businesses who have clearly achieved financial success” (CCAB 2011). Results from the 2011 Aboriginal Business Survey do not necessarily contradict our results, but rather confirm that financial indicators are well-established measures for individual business analysis. This brings us to our next element of discussion.

Our data accord with the work of Hindle and Moroz (2010) that the “community” is an important unit of analysis when examining Aboriginal businesses. Our data show that Essipit AFEs are more than individual firms, and even that this model goes beyond a single sector of activity, namely forestry. Essipit model of ACBEs are better characterized as a complex business network, which includes community-owned businesses and joint ventures with non-Aboriginal enterprises or other First Nations communities. This business network allows Essipit AFEs to break-even financially or accept financial deficits on the basis of other goals. Participants explained that Essipit finances the deficits, development and growth in the forestry sector by using revenues generated by other community businesses in other economic sectors. This highlights the importance of being cautious with the interpretations and conclusions from individual AFEs. Furthermore, some researchers suggest differentiating the types of networks. For example, Ring et al. (2010) posit that hard networks could have greater long-term economic impact, while soft networks could have a more substantial and durable effect on firms’ capacity to cooperate. If this is confirmed, it might provide insights on how to promote successful ACBEs.

Our data also confirm Peredo and Chrisman’s (2006) finding that community-based enterprises emerged in a situation of socioeconomic stress. Essipit acquired their first outfitter business in 1983 in order to address conditions of underdevelopment that existed in the community at that time of economic crisis, as well as the lack of opportunity on reserve. Essipit initiated vegetation control contracts to avoid greater environmental degradation that would have been caused by chemical spraying on their traditional territory. In each instance, Essipit may be described as taking a pro-active stance in the face of adverse circumstances. Over time, Essipit community leaders were able to develop and maintain a regional network for the benefit of local enterprises. As reflected in Figure 2, they developed a significant number of community-based enterprises through their network, e.g. outfitters, Granulco and businesses in the fisheries. Thus, with more natural, human, social and financial capital, Essipit gradually became an opportunity seeker, as defined by Dana (1995). Therefore, it is possible that initiatives focusing on community capacity building are likely to be more effective in the long term for increasing the probability of ACBEs creation and survival.

Finally, the Essipit case study shows several attributes of effective Aboriginal governance arrangements (Jorgensen 2007): staggered council terms help avoid that an entire branch of government is elected all at once and provide continuity when a change of government occurs; participatory, informed and transparent approaches allow all community members to participate via the general assembly in higher-level decision-making; increased human resource capacity has enabled competent people to govern the communities; financial resources ensure that the governance system is working. Additionally, our findings accord with Grant and Taylor’s (2007) and Trosper et al. (2008) insights: that maintaining and man-

aging the boundary between business and politics increases the chances for success in community-owned enterprises. In the case of Granulco, the business structure ensures that separation: an administrator from Essipit is assigned one of the four seats on the board of directors. Yet a complete separation between politics and business is not always possible, e.g. for Essipit band-owned businesses. In those cases, we found that other mechanisms played a similar role in Essipit. Participants explained that (1) politicians and administrators have a good understanding of their respective roles and functions, (2) the general assembly provides a control mechanism for the community members over management decisions made by the Band Council, and (3) the small size of the community (about 200 members on reserve) where “everyone knows” inhibits some negative behaviours.

CONCLUSION

How can Aboriginal forest enterprises beat the market? This paper examined the Essipit model of AFEs to better understand how the concept of ‘community-based enterprise’ can serve as an instrument for development in Aboriginal communities. We demonstrated that this concept is useful in at least two respects. First, it throws light on the broader goals motivating Aboriginal economic development activities in neglected context. Forest enterprises can generate significant economic benefits, but our findings elaborated on what really matters to Aboriginal communities and for what reasons. This case study identified six major reasons for, and benefits of, the Essipit AFEs: economic development, building partnerships, cultural fit, gaining control, developing credibility, experience and skills, and stability in interval governance. Secondly, the concept of ‘community-based enterprise’ holds useful lessons for the literature on how Aboriginal communities may address forestry opportunities. Notably, the Essipit model exemplifies how it is possible to think outside the “wood box” for successful Aboriginal socioeconomic development (Beaudoin 2012); here outfitters became a key in the development strategy of Essipit, rather than wood products that have traditionally sustained the development of the Canadian forest sector. Moreover, the Essipit business portfolio proved to be effective for harmonizing local values with market values.

Furthermore, the structure of the Essipit model is also insightful. Community-owned businesses allow the Council to provide services for community members and to participate in the market on their own terms. For example, Essipit managers are offering better working conditions than business requirements. Joint ventures allow Essipit to pursue opportunities when human, natural and financial resources are lacking. Government policies and frameworks that support Aboriginal business commonly target majority-owned Aboriginal business. Yet Essipit exploited and benefited from various opportunities as a minority business partner. Our data demonstrate that, through partnership, communities can also go a long way a little at the time. The community business portfolio, organized under a Management Panel, allowed Essipit’s administrator to take decisions that meet economic profitability, environmental or community well-being objectives. For example, Essipit invested in the fisheries to generate profits. In turn, these profits financed a number of social and environmental initiatives over the years.

There is not only one path towards Aboriginal economic success and, thus, Essipit’s path might not be appropriate in the context of another Aboriginal community. Different communities may have different aspirations and goals. For example, the Mashteuiatsh com-

munity has taken a different approach based on private AFEs (Beaudoin et al. 2009). Yet there is a need in Canada for more research on ACBEs and how networks can foster the development of ACBEs.

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