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Indigenous Businesses: Developing Successful Business Structures for and with Indigenous Communities

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BUSINESS STRUCTURES FOR AND WITH INDIGENOUS COMMUNITIES**

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INTRODUCTION TO INDIGENOUS ECONOMIC DEVELOPMENT

The trend around the world has been for governments to get out of the business of doing business. Ventures and services which were traditionally considered common government services (for example, communication services, transportation services, delivery of mail, etc.) have become increasingly privatized.

Moving opposite this trend are Indigenous governments, as more and more Indigenous governments are investing in for profit business ventures.

This increasing involvement is a reflection of a desire to, among other things, provide employment opportunities for members, find new sources of cash flow, share in the wealth of natural resources often taken from traditional lands, and to access the capital wealth of reserve and treaty settlements.

Economic development opportunities arise out of a policy need or initiative to engage Indigenous Nations, as many opportunities are based off resources held communally (i.e. reserve lands/traditional lands). “Economic Development” in the narrowest of terms, involves the creation and distribution of wealth within a particular society.

In the Indigenous context specifically, a 2007 study found that Indigenous groups characterized “economic development” as the desire to:

1. Regain control over traditional lands;
2. Create, operate and invest wisely in businesses that are both global and profitable to ensure financial resources for education, social and cultural development;
3. Develop economic self-sufficiency;
4. Improve socio-economic status;
5. Restore political economy;
6. Preserve and strengthen culture; and
7. Separate band administration from economic development.

Indigenous communities are uniquely challenged with the task of building wealth and strengthening Indigenous economies from a position that is often described as “socially excluded, disadvantaged, highly politicized and historically framed within the context of western colonization”.

Therefore, to thrive in the current capital climate and economic landscape that exists in Canada, Indigenous communities must creatively engage the process of economic development using

strategies that will allow them to create and operate businesses that can compete in a global economy.

TD Economics released a special report estimating the size of the Indigenous market in Canada to be \$32 billion in combined income across households, businesses and governments.

IMPEDIMENTS TO INDIGENOUS ECONOMIC DEVELOPMENT

Historically, (and often through no fault of their own) Indigenous communities have faced unique impediments to economic development.

Studies suggest that the three common impediments to successful economic development by Indigenous communities are:

1. Potential for Politics to Interfere with Enterprise Operations
2. Uncertain and Risky Business Environment for Potential Investors
3. Lack of Sufficient Management Expertise

These impediments can (and must) be ameliorated or overcome for Indigenous communities to have successful, thriving economies.

Potential for Politics to Interfere with Business

The structure of many Indigenous governments allows elected officials access to the daily operations of Indigenous-owned businesses

The short terms of elective office (prescribed by most Indigenous constitutions/bylaws) also politicizes most official decision-making, including with respect to business decisions, as Indigenous leaders understandably may act to preserve their elected positions

This frequently makes business planning difficult, leads to instability in business management, and places extraordinary burdens on Indigenous business enterprises to maintain stable growth and to find outside investment.

As a result, successful Indigenous businesses often require some degree of insulation from Indigenous politics.