Communities in the global economy: where social and Indigenous entrepreneurship meet

Robert B Anderson
Benson Honig
Ana Maria Peredo

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3. Communities in the global economy: where social and indigenous entrepreneurship meet

Robert B. Anderson, Benson Honig and Ana Maria Peredo

With the advent of industrialization, indigenous people around the world have suffered greatly as a result of shifting economic forces, advancing technologies, encroaching population centres, social acculturation, and colonial expansion (Cardoso, 2001). Once self-reliant and socially cohesive, indigenous communities have suffered, to varying degrees, both geographical and population dislocations (World Bank, 2001). What receives less attention, but is also important, is the degree of cohesion that remains and the desire among many indigenous people to rebuild their communities on a traditional and culturally grounded foundation while simultaneously improving their social and economic circumstances (Harvey, 1996; Lurie, 1986; Vinje, 1996). Many indigenous people see entrepreneurial activity as a central element in support of this multi-objective endeavour, clearly aligning themselves with the purposes of both social and economic entrepreneurship, all in a context in which particular histories, cultures and values play a prominent role.

The efforts to harness entrepreneurship toward both social and economic ends is certainly true of the Aboriginal Peoples of Canada, the First Nations, Métis and Inuit; the Maori in New Zealand; the Quechuas and Aymaras in Perú; and many other indigenous groups. Among these peoples, entrepreneurship and business development are widely accepted as the key to building a more vibrant economy leading to nation rebuilding (Anderson & Giberson, 2004, Peredo, 2001). This involvement in the global economy through entrepreneurial activity has been called the ‘second wave’ of indigenous economic development, with the ‘first wave’ being direct economic assistance (Stevens, 2001). Table 3.1 summarizes the characteristics of this second wave among Aboriginal people in Canada, also found representative of the Maori in New Zealand by Buckingham and Dana (2005) and Frederick and Henry (2004).

We do not claim that all indigenous communities exhibit the same degree of collectivity and mix of social/community and economic objectives in their approach to entrepreneurship. The actual approach varies considerably, ranging from the primarily collective efforts of the Maori in New Zealand...
The Aboriginal approach to economic development is:
1. A predominantly collective one centered on the community or ‘nation’.

For the purposes of:
2. Ending dependency through economic self-sufficiency.
3. Controlling activities on traditional lands.
4. Improving the socioeconomic circumstances of Aboriginal people.
5. Strengthening traditional culture, values and languages (and the reflecting the same in development activities).

Involving the following processes:
6. Creating and operating businesses that can compete profitably over the long run in the global economy to
   (i) Exercise the control over activities on traditional lands
   (ii) End dependency through economic self-sufficiency.
7. Forming alliances and joint ventures among themselves and with non-Aboriginal partners to create businesses that can compete profitably in the global economy.
8. Building capacity for economic development through:
   (i) education, training and institution building and
   (ii) the realization of the treaty and Aboriginal rights to land and resources.

(Frederick & Henry, 2004) and the Aboriginal people in Canada (Anderson et al., 2005), to the predominantly individual entrepreneurial spin-offs from tribal casino gaming of the Kumeyaay bands in California, although it has been argued that gaming itself is a manifestation of a collective ‘right’ (Galbraith & Stiles, 2003). We do, however, argue that by their very nature, the characteristics that make a group indigenous (as described in the next section) favor a somewhat collective approach to entrepreneurship involving a mingling of social, cultural and economic objectives. We thus believe that the enterprise-related activities of Indigenous people in pursuit of their social/cultural self-determination and economic goals exemplifies a distinctive activity that can be called ‘indigenous entrepreneurship’, which operates at the intersection of social and economic entrepreneurship, perhaps even calling into question the distinction between the two. In the next section, we endeavour to address the question – who are the Indigenous? In answering this question, we offer some insights into both who and how they are shaping conventional notions of entrepreneurship.
WHO ARE THE INDIGENOUS

Depending on the definition employed, estimates of the indigenous world population vary. At the high end, it is estimated that the total population identified as indigenous ranges from 300 million to 500 million individuals worldwide, and that the population represents as much as 80 per cent of the cultural diversity on this planet (Indigenous Peoples’ Human Rights Project, 2003). The UN estimates the figure to be approximately 250 to 300 million individuals, with approximately 5,000 different groups fitting its definition of indigenous. Overall, because of differences in definitions, the quality of population censuses between countries, and the self-reporting aspects of population estimates, it is difficult to obtain a more accurate estimate.

Regardless of the definition or estimates of size, one must begin by acknowledging the remarkable diversity of the world’s indigenous peoples. Their communities are distributed throughout every continent of the earth, and their members range from traditional hunter-gatherers and subsistence farmers to expert professionals in industrialised nations. Some indigenous populations have remained essentially the same for hundreds of years, even into the modern era, while others have been highly integrated into the dominant cultural and economic society. In some countries, such as Bolivia, the indigenous population is a majority, but in most countries they are minorities of varying size.

One indisputable feature that sharpens the dilemma of economic development is the widespread and chronic poverty of almost all indigenous people. The World Bank, for example, prefaces its Operational Policy on Indigenous People with the declaration that ‘indigenous peoples are commonly among the poorest and most vulnerable segments of society’ (World Bank, 2001). Confronted with these depressing economic statistics, many, but certainly not all, modern nation-states have recognized the plight of their indigenous communities. For this reason, indigenous people, along with other poor populations of the world, have long been the target of a wide range of initiatives, efforts and programs to assist in economic development.

We now turn to definitions of indigenous peoples. A useful definition is that framed by the General Council of the International Labour Organisation in 1989. According to their convention, formally ‘entered into force’ in 1991, indigenous people are

\[\ldots\ \text{people in independent countries who are regarded as indigenous on account of their descent from the populations which inhabited the country, or a geographical region to which the country belongs, at the time of conquest or colonisation or the establishment of present State boundaries and who, irrespective of their legal status, retain some or all of their own social, economic, cultural and political institutions.} \]

(International Labour Organisation, 1991)
The United Nations employs a similar definition, omitting references to maintaining social, economic, cultural and political institutions. A 1995 resolution, for instance, states that

indigenous or aboriginal peoples are so-called because they were living on their lands before settlers came from elsewhere; they are the descendants . . . of those who inhabited a country or a geographical region at the time when people of different cultures or ethnic origins arrived, the new arrivals later becoming dominant through conquest, occupation, settlement or other means. (General Assembly of The United Nations, 1995)

Mme Erica-Irene Daes, former Chairperson of the UN Working Group on Indigenous Populations, provides another widely used definition. She designates certain peoples as indigenous on the grounds that: (1) they are descendants of groups which were in the territory of the country at the time when other groups of different cultures or ethnic origins arrived there; (2) because of their isolation from other segments of the country’s population they have preserved almost intact the customs and traditions of their ancestors; and (3) they are, even if only formally, placed under a State structure which incorporates national, social and cultural characteristics alien to theirs.

Beyond the matter of definition lies a richer characterization of the real-life conditions of indigenous people. In identifying the target group for its policies on indigenous people, the World Bank declines to adopt a formal definition, choosing instead to specify a number of typical characteristics which are relevant when considering if a particular group is indigenous. Some of these echo elements in the above definitions, but others extend to a fuller account of indigenous circumstances. The Bank identifies indigenous peoples by their possession in some degree or other of many or most of the following (World Bank, 2001):

1. A close attachment to ancestral territories and the natural resources in them;
2. The presence of customary social and political institutions;
3. Economic systems primarily oriented to subsistence production;
4. An indigenous language, often different from the predominant language; and
5. Self-identification and identification by others as members of a distinct cultural group

The Asian Development Bank takes a similar approach in their Policy Statement for Indigenous People, stating that

a starting point would be to define indigenous peoples on the basis of characteristics they display. Two significant characteristics would be (i) descent from population
groups present in a given area, most often before modern states or territories were created and before modern borders were defined, and (ii) maintenance of cultural and social identities, and social, economic, cultural, and political institutions separate from mainstream or dominant societies and cultures (Asian Development Bank, 2000).

While definitions of ‘indigenous’ may vary from institution to institution, and from researcher to researcher, they generally contain three core elements that we utilize for our operational definition of indigenous: (a) descent from populations inhabiting a region prior to later inhabitants; (b) geographical, political, and/or economic domination by later inhabitants or immigrants; and (c) maintenance of some distinctive social-cultural norms and institutions (Peredo, Anderson, Galbraith, et al., 2004). Attachment to ancestral lands and their resources, modern subsistence economic arrangements and distinctive languages help fill out the picture without suggesting that all indigenous peoples display all these characteristics. In spite of these commonalities, and given the particularities of indigenous cultures and their history, there is substantial debate regarding the causes of the current generally disadvantaged situation of Indigenous people. Among scholars and others, there is also a variety of opinions regarding the collective/individualist orientation of indigenous cultures with most emphasizing a collective tendency but some an individualistic heritage. There is also disagreement about the historical, current and future relationship between indigenous societies and their dominant counterparts with respect to land and other rights, and the degree to which they possess nationhood within, or distinction from, the country in which they find themselves. Some states, Canada and New Zealand among them, recognize a considerable degree of indigenous nationhood, other recognize less and some none at all. In the 1993 Draft Declaration on the Rights of Indigenous Peoples, the United Nations captures a sense of this separateness that is felt and sought by most indigenous groups. Article 21 recognizes

the urgent need to respect and promote the inherent rights and characteristics of indigenous peoples, especially their rights to their lands, territories and resources, which derive from their political, economic and social structures and from their cultures, spiritual traditions, histories and philosophies.

The Declaration goes on to say

Indigenous peoples have the right to maintain and develop their political, economic and social systems, to be secure in the enjoyment of their own means of subsistence and development, and to engage freely in all their traditional and other economic activities. Indigenous peoples who have been deprived of their means of subsistence and development are entitled to just and fair compensation (Economic and Social Council Commission on Human Rights, 1993).
This is certainly the expressed opinion of the vast majority of Indigenous communities. Indeed it is their sustained pressure over decades that resulted in the declaration. Their goal is not economic development alone, but economic development as part of the larger agenda of rebuilding their communities and nations and reasserting their control over their traditional territories. And in pursuit of this broader agenda, we see an increasing inclination on the part of many indigenous communities to engage in economic development activities ‘on their own terms’ (Peredo & Chrisman, 2005; Anderson et al., 2005; Anderson, Dana & Dana, 2006), often as set out in Figure 1.

Part of understanding the position of indigenous peoples, and the potential use of entrepreneurial activity to reinforce and support cultural, social, as well as economic activities, is understanding the underlying approaches using which modern economic development efforts for indigenous peoples have been, and are currently being, framed. It is also within this critical role of economic development that indigenous entrepreneurship research can be understood. However, the concept eclipses that of development, and also includes issues related to community identity and reconstruction. We turn now to this challenging subject. We begin by defining our terminology, followed by a discussion of three different theoretical approaches, and provide a clarification regarding the importance of focusing on indigenous social entrepreneurship, as opposed to ‘ethnic’ entrepreneurship.

SOCIAL ENTREPRENEURSHIP

The neo-liberal paradigm, as currently disseminated worldwide, focuses on the role of self-regulating markets in providing not only increased individual wealth, but also general improvements in society. For-profit firms and entrepreneurs are increasingly regarded as the potential source of societal advancement, reducing the role of the state and local and traditional community groups, and enlarging the role of corporations, especially transnationals, in enhancing social well-being. Part of this trend is the observable movement from inward-oriented cultures (Migdal, 1975) and import substitution (Cardoso, 2001) toward integration with the global economy, including outsourcing, strategic alliances, regional trading blocks, and the emergence of small, global firms (McDougall & Oviatt, 2000). From this vantage point, entrepreneurship is seen as an equalizer in a meritocratic universe, where the promotion, creation, nurturing, and encouragement of private sector firms is seen as providing wealth, a boon which it is assumed will ‘trickle down’ to all (Rostow, 1960). As a result, entrepreneurship has become a recognized and established field in what is called ‘development studies’ as well as in the discipline of business management. This view is certainly not inconsistent with the
approach of many indigenous groups as they pursue their cultural, social and economic objectives.

Over the past two decades, there has been a proliferation of research investigating entrepreneurial behaviours in both Western and non-Western industrialized economies. Much of this research is premised on the belief that individual action, through entrepreneurship, brings about economic development, and that individual actors are better suited to make micro-economic decisions than the state. These beliefs, coupled with the assumption that the production and distribution of many important social goods is best allocated to actors in the market economy, has resulted in expectations that the private sector perform a dual role both as a source of trickle-down wealth, and as a supplier of the social services once provided by governments and/or community agencies. Thus, we see private sector entrepreneurial involvement in everything from penal institutions to primary education and from health care to security. This activity is also nurtured at the corporate and organizational levels (intrapreneurship), and is actively promoted everywhere from Tel-Aviv to Timbuktu. But need it be individual and ‘private’? The approach emerging among many indigenous groups is community-based on the foundation of commonly-held assets and rights.

The retreat in many places of the ‘welfare state’ arguably contributes to this global entrepreneurship promotion trend, maintaining the notion that social benefits, including social goals such as poverty reduction, environmental protection, health care and meaningful employment, are best produced by a kind of market activity. This private-firm activity is increasingly seen as a crucial element of what has come to be known as ‘social entrepreneurship’ (Alvord, Brown and Letts, 2004). While definitions vary, we define social entrepreneurship as ‘organizations combining resources toward the delivery of goods and services that provide social improvements and change.’ These organizations include for-profit business, as well as governmental and non-governmental organizations, with the later including cooperatives, NGOs, community and indigenously owned organizations, as well as other organizations subject to regulatory control. This definition includes activities conducted by for-profit firms, including corporations that engage in support activities in the social entrepreneurial domain (Sagawa and Segal, 2000). While Alvord et al. (2004) provide one example among many of the intense current interest in social entrepreneurship, we contend that there is another form of entrepreneurship, one we call ‘indigenous entrepreneurship,’ which deserves study in its own right, but also as an important extension of this concept of social entrepreneurship.

We see a distinction between indigenous entrepreneurship and social entrepreneurship in at least two areas. First, the nation building or re-building aspects bring the state back in. For many indigenous groups entrepreneurial
activities are undertaken by the group’s governing body (i.e. their state) with the express purpose of strengthening the group’s nationhood and self-determination. Second, we see a much stronger economic element in indigenous entrepreneurial activity. The focus is very often on enterprise development and profitable competition in the global economy, as critical to the achievement of not just economic but also cultural and social objectives. The comments below, from Chief Clarence Louie of the Osoyoos Indian Band and Chief Harry Cook of the Lac La Ronge Indian Band, capture a sense of this intermingling of indigenous state, for profit enterprise, and economic/social/cultural objectives. Clarence Louie (Anderson et al. 2003, p. 10) says

The Desert and Heritage Centre is probably going to be our biggest business venture, and it’s going to combine all of those things that you see in a first class desert interpretive centre—the educational stuff, the scientific stuff, the desert trails, the walks, the scientific interpretive stuff... the other major component of it, which is really special, is the uniqueness of the Okanagan First Nations, with the language and the heritage and the cultural component to it.

While Chief Cook (Hindle et al., 2005, p. 6) says

Because unemployment is so high in our community, it is a necessity that we continue to create jobs and training opportunities here at Kitsaki. One great way to do that is by selling our goods and services to people outside our community.

General manager Terry Helary of Kitsaki Meats echoes Chief Cook’s sentiments saying

The people we hire are taught a trade here, as well as life skills. For many, this is their first job, so it is very important... as we enter into other markets globally, Kitsaki Meats will also be improving life locally.

Social entrepreneurship is, first of all, entrepreneurship. As Dees puts it, ‘Social entrepreneurs are one species in the genus entrepreneur’ (1998, p. 3). It must be recognized that there is no clear consensus on what it is to be an entrepreneur (Brazeal & Herbert, 1999; Venkataraman, 1997). Nevertheless, there is a discernible core in scholarly commentary on the concept. Beyond the ‘minimalist’ sense of ‘entrepreneurship’ (e.g. Barber, 1998, p. 67) according to which entrepreneurship is just the launch of a commercial venture, there lies a more nuanced understanding drawing on the history of the concept. It is important to recognize, especially for purposes of this paper, that entrepreneurship is frequently an extended activity: it may well be carried out by a team or a group of people, as it is in many indigenous communities. The characteristics listed above could be thought of as roles in a performance; roles which may be split and/or shared. Others have pointed out that entrepreneurship may find a place
in cultural settings where collective, rather than individualistic, thinking prevails (Peterson, 1988). Peredo (2003; Peredo & Chrisman, 2005) actually describes a situation in which it is plausible to speak of a community acting collectively to exercise entrepreneurship that is plainly social in many of its aspects.

But what makes social entrepreneurship social? It seems clear that what distinguishes social entrepreneurs is their aim to produce social value. As Dees states: ‘Adopting a mission to create and sustain social value: this is the core of what distinguishes social entrepreneurs from business entrepreneurs even from socially responsible businesses’ (Dees, 1998, p. 4). We take the term ‘social value’ to refer to a multitude of public goods that constitute the general welfare of a society, including everything from the fundamentals for subsistence, such as food, clothing and shelter, through employment and health care, to recreation and the arts. What makes social entrepreneurship social is that these are the intended outcomes of the activity and not merely the fortuitous by-products.

There has been some tendency in the popular press to confine the concept to the endeavours of not-for-profit organizations (Taylor et al., 2000). In this paper, however, we follow the practice of business publications (Taylor et al., 2000) in extending the term to for-profit organizations with a ‘social mission’. But how dominant must the social mission be? Must social goals be the only aims of the operation, or can some intention to make profits be admitted as well? If profits are accepted in the definition, must they be subordinated to social aims, or is the only requirement that social goals be somewhere in the organization’s mix of objectives? We use the term inclusively, applying it to profit-making as well as not-for-profit organizations, as long as the provision of social outcomes is one of the explicit intentions of the operation, again clearly the case in many instances for indigenous people. This includes activities conducted by for-profit firms, as well as corporations, undertaken in support activities in the social entrepreneurial domain (Sagawa & Segal, 2000).

Our particular interest is the nexus of social entrepreneurship and indigenous entrepreneurship. To what extent can the neo-liberal policies ascribed to Western economies or even those of developing countries transfer to indigenous populations? While we now have some generalized understanding of certain aspects of the motivations and strategies of entrepreneurs, and their important contributions to economic development, there remains a question whether these generalizations are, in fact, applicable to indigenous peoples. The purpose of this paper is to introduce indigenous entrepreneurship as a promising research domain for the study of entrepreneurship, both social and economic; one deserving of further scholarly research activity. We further identify some of the more pressing questions that arise within this relatively unstudied area, in particular, how indigenous entrepreneurship relates to corporate intrapreneurship and corporate capitalism.
DEVELOPMENT AND INDIGENOUS PEOPLE

Over the years there have been numerous indigenous uprisings and protests, not unlike those experienced in England with the advent of the industrial revolution (Polyani, 1944). A common theme surrounding these debates has been the indigenous right at various levels to plan and control their own development. It should be noted that their insistence has not been so much on integration or isolation – issues which often seem to monopolize the debate – as it has been on the right to self-development (Peredo, 2001). Much like the battle for labour rights fought in the nineteenth and early twentieth centuries, indigenous peoples worldwide are actively asserting their rights in a variety of ways. The short story is that there is more than one way of ‘framing’ the processes that have been undertaken by ‘developed’ nations in order to benefit those who are ‘undeveloped’, including indigenous populations.

The desire of indigenous peoples to rebuild their communities raises two fundamental questions. Can indigenous people participate in the expanding global economy and its rapidly advancing socio-technological changes with a degree of self-determination; and, if so, how can this be done? The answer to the latter part of the question depends on the answer to the first, and the answer to the first depends on what we can learn from different perspectives regarding how we define and evaluate development. For the purposes of this paper, we consider three broad perspectives: modernization theory, the radical perspectives represented by dependency theory, and the emerging contingent perspectives represented by regulation theory.

Our aim in this section is not to recommend one particular framework for understanding the efforts and effects of socioeconomic development. Rather, we highlight some of the perceived deficiencies – related to cultural as well as social and economic issues – in all three, and discuss our preferred perspective in somewhat greater depth than the others. Our overall objective is to capture what we can from each of the perspectives, and by implication, to issue an invitation to continue this search for still better ways of understanding the wide variety of efforts often termed ‘development’. Our very specific objective in this enquiry is to discover whether there may be a way of negotiating a constructive participation of indigenous people in the global economy in a way that allows them to preserve what is important to them as indigenous peoples.

Modernization or ‘Assimilation’ Models

Modernization theory has been the dominant development paradigm and has driven practice since the 1950s (Inkles, 1974; Cardoso, 2001). A number of notions contribute to this theory. First, it sees development as a process
involving passage through various stages. Modernization theory implies that in order to progress and develop, traditional societies have to move toward modernity (Crewe & Harrison, 1998; Rostow, 1960). ‘Modernization’ and ‘development’ came to be used as synonymous terms. Secondly, monetary income, and therefore economic growth, are regarded as key elements in measuring the development. Thirdly, humans are or should be motivated by self-interest and rational economic behaviour (Burkey, 1993; Crewe & Harrison, 1998). From this point of view, development is measured in economic terms, with the expectation that the ‘underdeveloped’ will over time assume the qualities of already developed First World (Burkey, 1993). One of the underlying assumptions of modernization is that traditional culture, social structures, and differing languages are barriers to progress, as the following quotation illustrates:

Pre-existing social relations . . . family, kinship and community, constitute obstacles to business enterprises and achievement. . . . Successful capitalism involves some rupturing of existing social relations and possibly the diminution of affective relations to leave more space to impersonal, calculating forms of social interaction believed to characterize the market economy (Moore, 1997, p. 289).

This general orientation has led to several neo-classical economic approaches to economic development; approaches that inevitably reside in some notion of assimilation. Modernization or ‘assimilation models’ essentially argue that cultural divisions and differences ultimately interfere with efficient economic production and the differential advantages that individual nations might enjoy. Attempts to apply this framework for economic development, however, have not led across the board to the accelerating spirals of development as expected. Broad based assimilation has not occurred with any great frequency – at least in the short-term. The complexities of the poverty dynamic in different settings, and need to respect local cultures and knowledge increasingly created dissonance for modernization scholars and practitioners. The ‘green revolution’ of the 1970s was a striking example of the way that growth could be produced while development lagged and poverty even increased. The negative growth and debt crises that ensued in some countries toward the end of the century called into question the simple implementation of modernisation programs (George, 1988; Cardoso, 2001).

However, many developmental economists still argue for broad-based modernization programs with an underlying belief that past barriers to economic growth have been primarily politically motivated, to the overall detriment of indigenous populations. To some extent, the move toward economic globalization via institutions such as the World Trade Organization (WTO) and regional trade agreements, such as NAFTA is ultimately grounded upon a modernization or assimilation foundation. Whether the modernization
movements represent opportunity or threat to indigenous people is still open to debate and discussion, but regardless of one’s political, social, or economic orientation, the modernization framework should not be discounted from academic discussion. Perhaps, for certain indigenous people, some components of modernization (such as those essential for effective participation in the global economy) are sought after in order to rebuild their communities and strengthen those aspects of their culture and way of life that are most important to their Indigenous identity.

Dependency Models

In a historical sense, dependency models of economic development emerged not only as a critique of the failure of the modernization agenda to deliver the anticipated development outcomes, but even more fundamentally to draw attention to what is seen by some as a new form of colonization. In this analysis, the multinational corporation, the developed industrialized nation states and the global institutions such as the World Bank, IMF, GATT and later the WTO are cast as the villains (Hancock, 1989; Klitgaard, 1990). Rather than leading the ‘underdeveloped’ to a ‘developed’ state, through the lens of dependency models the actions of the developed world are seen as the basic (through conquest and colonialism) and continuing (through economic exploitation) cause of underdevelopment. According to the dependency critiques, participation by the underdeveloped in the global capitalist economy as it is currently constructed can only exacerbate their circumstances, not improve them. The evidence since the Second World War certainly offers some support for this view. While the reasons are debatable, the gap between the rich and the poor within and among some states, particularly in Africa, has widened, not closed, in spite of six decades of development efforts of various types (United Nations Development Programme, 2001), while other countries, such as India, have fared well, and still others regions, such as Latin America, have remained essentially unchanged.

The application of dependency models have led to programs such as import substitution, aimed at pursuing growth by developing internal resources without reliance on unbalanced trade with large and powerful outside nations. These programs, however, have also proved largely unsuccessful. It has been argued that part of the problem with dependency based models of economic development is that the theory is oriented more toward a critique of modernisation than developing a theoretically sound approach to development of its own. Indeed, according to Hettne (1982), the development perspective arising from dependency theory appears to be little more than modernisation theory applied to the locus of a nation state. Even adherents call for a redefinition (Cardoso, 2001, p. 278)
Despite modification in recent years (So, 1990), some argue that the modernization and dependency perspectives present incompatible views of the relationship between a ‘developing’ people/region and the ‘developed’ world. In a particular circumstance, one or the other of these approaches can often adequately explain what happened. However, when applied in any particular circumstance to offer insight into what might happen, the two produce conflicting answers, thus providing contradictory guidance to groups searching for a path to development, as they perceive it.

Contingency Models

In the closing three decades of the twentieth century, the conflict between the modernization and dependency perspectives led many to conclude that both are incomplete (as distinct from mistaken), with each describing a possible but not inevitable outcome of interaction between local regions seeking what they regard as a better form of life, and the global economy. This has resulted in what Corbridge (1989) describes as a powerful trend towards ‘theories of capitalist development which emphasize contingency . . . a new emphasis on human agency and the provisional and highly skilled task of reproducing social relations’ (Corbridge, 1989, p. 633). As Tucker (1999) notes, this allows ‘for the possibility of incorporating the experience of other peoples, other perspectives and other cultures into the development discourse’ (Tucker, 1999, p. 16). Development need not be as defined by the ‘developed world’ and the interaction between a particular people and the global economy need not be as envisaged by the modernization or dependency perspectives; it can be something else entirely. Why not that which is being sought by indigenous people – development as they define it?

There has been substantial discussion about the increasing flexibility in modern economic production and consumption, and its impact on the strategies of the modern firm (Boyer, 1999; Galbraith & DeNoble, 2002; Harmon & Peterson, 1990). From a broader perspective, Toffler (1980) labelled this phenomenon the ‘third wave’ as contrasted with the industrial ‘second wave’ and the agricultural ‘first wave’. Toffler and other economic futurists of the modern era have noted that new technological developments such as computers, robotics, biotechnology, global communication, and nanotechnologies are forcing a much more decentralized, demassified, and non-synchronized post-industrial society; a system that is fundamentally different from nineteenth and twentieth century industrial economies. The hope, it is argued, is that this process will open the way for economically efficient development that is more sensitive to intra-state differences, including those of the indigenous populations. In other words, they highlight the ‘electronic cottage’ or efficiently flexible micro-economies that are now possible for historically underdeveloped
populations. Within this framework several different economic development approaches that attempt to accommodate the nature of increasing contingency and human agency have been suggested. We discuss one of these models, ‘regulation theory,’ to illustrate its potential to help us understand indigenous entrepreneurship and its role in development. We particularly like the regulation framework because it directs one toward considering and analyzing without prescribing any normative conditions about what is good or bad, expectations about what will work or won’t work, and so on. When using it as an analytical approach, one can still find room to accommodate the very real forces of modernization, the unquestioned outcomes of unequal exchange (dependency), the reality of the articulation of modes of production, the enduring and not recent nature of the global economy (world systems perspective), and so on.

According to Hirst and Zeitlin (1992), the regulation approach executes, ‘a slalom between the orthodoxies of neo-classical equilibrium theory and classical Marxism to produce a rigorous but non-deterministic account of the phases of capitalist development that leaves considerable scope for historical variation and national diversity’ (Hirst & Zeitlin, 1992, p. 84). Expanding on this notion of variation and diversity, Elam (1994) says that on one hand, national and regional units are constantly in a state of flux as they adjust to the influences of the global economy. All must accommodate themselves at least to some extent to its hegemony. At the same time, these broader global influences ‘are seen as having essentially local origins’ (Elam 1994, p. 66). This translates into a counter-hegemonic potential in terms of the activities actually undertaken by people as they negotiate their way locally through the global economy. It is not simply a case of conform or fail. Indigenous people and others may thus be able to move from a primarily inward orientation towards an outward oriented approach (Migdal, 1975).

Recognizing the increasing flexibility of modern economic systems, regulation theory analyses the global economy ‘in terms of a series of modes of development based on combinations of the currently ascendant regime of accumulation and a variety of modes of social regulation’ (Hirst & Zeitlin, 1992, p. 84–85). The regime of accumulation determines the general possibilities for the economy. Scott (1988) says it ‘can be rather simply defined as a historically specific production apparatus . . . through which surplus is generated, appropriated, and redeployed’ (Scott, 1988, p. 8). Importantly, with respect to geographic scale, the regime of accumulation is a ‘relationship between production and consumption defined at the level of the international economy as a whole’ (Hirst & Zeitlin, 1992, p. 85); it is what most refer to as the ‘global economy’.

Regulation theory argues that stability in the global economic system is dependent on the emergence of a further set of social relations that preserve it,
for a time at least, from catastrophic internal collisions and breakdowns. These relations constitute a mode of social regulation. They are made up of a series of formal and informal structures of governance and stabilization, ranging from the state through business and labor associations, to modes of socialization which create ingrained habits of behaviour (Scott 1988, p. 9). In many ways, this governance is similar to the type of social democracy advocated by Polanyi (1944) but brought into a modern context, complete with the implications of mass communication and technological enhancement that accelerates the flow of capital and ideas. Polanyi was impressed with the Owenite movement, particularly its ambition to harness the market and favour the human spirit, while bypassing some of the worst exigencies of capitalism. He considered it a practical combination of individual freedom and dignity, social solidarity, and acceptance of what we would now call ‘globalization’ (commonly referred to as industrialization, machinery). Hirst and Zeitlin (1992) seem to share a similar perspective, stating that a mode of social regulation (MSR), ‘is a complex of institutions and norms which secure, at least for a certain period, the adjustment of individual agents and social groups to the overarching principle of the accumulation regime’ (p. 85).

While regulation theory does not prescribe the exact nature of a particular mode of social regulation, it is generally agreed that a regime of accumulation does not create or require a particular mode of social regulation: ‘each regime, in short, may be regulated in a multiplicity of ways’ (Scott 1988, p. 9). Because modes of social regulation are based on such things as ‘habits and customs, social norms, enforceable laws and state forms’ (Peck & Tickell, 1992, p. 349), unique modes ‘can exist at virtually any territorial level – local, regional, national, global’ (Storper & Walker, 1989, p. 215).

Another aspect of regulation theory – its historicity – adds further strength to the argument that modes of social regulation, and therefore modes of development differing considerably one from another, can and do emerge at every geographic scale, says Corbridge (1989), echoing the ‘cyclical’ or ‘wave’ arguments of Toffler (1980) and other historically based economic futurists. Regulation theory indicates that the global economic system has gone through four stages in the twentieth century. In stage one, the system was in equilibrium. Stage two was a period of crisis or disequilibrium resulting from a shift from the extensive to the Fordist regime of accumulation. Equilibrium returned in stage three when suitable modes of social regulation emerged. The fourth (current) stage is also one of crisis caused by a failure of the monopolistic mode of social regulation (in all its variants) to accommodate a ‘selective move from mass production [the Fordist regime accumulation] to various forms of flexible production’ (Norcliffe, 1994, p. 2).

Forces responsible for in the shift to the new flexible regime of accumulation include: (i) technical limits to rigid fixed capital production techniques,
(ii) working class resistance to Taylorist and Fordist forms of work organization (Jessop, 1989), (iii) a change in consumption patterns ‘toward a greater variety of use values . . . [that] cannot be easily satisfied through mass production’ (Amin & Malmberg, 1994, p. 12), (iv) the increasing mobility of capital and the resulting ability of transnational corporations (TNCs) to move among spatially-bounded regulatory jurisdictions in the pursuit of greater profits (Leyshon, 1989), and (v) in the face of this internationalization of capital, the inability of national Keynesian policies [all variants of the of the monopolistic mode of social regulation] to avert crisis (Komninos, 1989).

What are the characteristics of this emerging flexible regime? Goldman (1995), for example, writes that the flexible regime exhibits ‘a distinct set of relationships, interdependencies, and forms of interaction among suppliers, producers, distributors, and customers. It demands new approaches to organizing, operating, and measuring the performance of both individual companies and clusters of cooperating companies’ (p. 1). Thus the theory of the firm radically changes from a hierarchical transactional process described by Williamson (1975), to one of varying modes of alliances and relational contracts (Galbraith & Kay, 1986; Kay 1997; Teece 1980). Goldman (1995) again notes that in ‘a competitive environment of continuous and unanticipated change’ companies are finding it ‘advantageous on the grounds of cost, speed, or market penetration, to utilize only some company-owned resources, combining them with others available in other companies’ (pp. 6–7). Similarly Dunning (2003) writes:

We are moving out of an age of hierarchical capitalism and into an age of alliance capitalism. This is placing a premium on the virtues needed for fruitful and sustainable coalitions and partnerships (be they within or among institutions), such as trust, reciprocity, and due diligence (p. 24).

Everywhere and at every geographic scale – community, subnational region, national, supranational regions and globally – indigenous or not, people are struggling to develop modes of social regulation that will allow them to interact with emerging flexible regime of accumulation. Several authors have noted a shift in the locus of regulation from the nation state in two directions – to the supra-national and the local (Amin & Malmberg, 1994; Scott, 1988). Dicken (1992, p. 307), for example, emphasizes that successful participation in the global economic system ‘is created and sustained through a highly localized process’ and that ‘economic structures, values, cultures, institutions and histories contribute profoundly to that success.’

Under regulation theory, the firm appears to open a number of opportunities for indigenous enterprises and entrepreneurial efforts. This is due both to the changing regimes of accumulation arising from the increasing flexibility
and decentralization in production and consumption activities, as well as to the changing models of social regulation, as hierarchical models of the firm evolve into alliance and relation based organizations.

INDIGENOUS PEOPLE AND MODERN INSTITUTIONAL FORCES

It is important to emphasize that in this discussion of social and indigenous entrepreneurship we are considering the entrepreneurial activities of indigenous people in their indigenous setting. They may or may not be located in native homelands – many have been displaced or relocated. But they are situated in communities of indigenous people with the shared social, economic and cultural patterns that qualify them as indigenous populations. The characteristics of entrepreneurship among indigenous people who migrate individually or in relatively small groups, especially to urban areas, may well be different from the populations we propose to study. It is tempting to suppose that their behaviour may more closely resemble that of ethnic enclaves (see below) but this represents a distinctive area that merits its own study (Peredo, Anderson, Galbraith et al., 2004).

Given the well-recognized increasing flexibility of modern production systems and consumption behaviours, indigenous populations, as defined above, appear to now have a greater opportunity to efficiently and effectively participate in the modern economy while still maintaining those unique cultural characteristics they self-define as their indigenous culture. As a group, indigenous people in a particular community are likely to adopt their perspective on the global economy as a response to their direct experience with actors in the global economic system. Thus, they may form new types of indigenous enclaves, reminiscent of ethnic enclaves, but perhaps differentiated by their willingness to participate outside their group, in the wider economic environment.

The four groups of actors with whom indigenous peoples are probably most familiar (and therefore those that constitute the face of the global economy from their perspective) are (i) the exogenous economic entities such as corporations with which they interact as suppliers, customers, partners, antagonists and/or employees; (ii) the ‘state’ at local, sub-national, national and international levels; (iii) a myriad groups of the civil sector including non-government agencies (NGOs) of all types and special interest groups such as Amnesty International, the World Council of Indigenous People, the Sierra Club, and so on; and (iv) global and supranational bodies, such as the WTO, the UN, the World Bank, the European Economic Union and NAFTA. Figure 3.1 attempts to capture this complex and dynamic relationship.
Integrating, transforming and excluding mechanisms

The 'Indigenous Community'

The State

Supranational bodies

The Civil Sector

Modes of Development

Corporations as principal actors in the global economy

unconditional participation
assertively pragmatic participation
transformational participation
resistance and non-participation

indigenous people as potential strategic partners/resource
indigenous people as a problem or threat
indigenous people as neither potential or threat

outcomes

Figure 3.1 The Global Economy, after Anderson et al. (2003)
Corporations are most closely associated with the regime of accumulation; indeed for many indigenous groups they are the face of the regime of accumulation. That it is not to say that corporations are not influenced by and do not influence the mode of social regulation; of course they are, and they do. The state at all its levels is most closely tied to modes of social regulation. Indeed, the sum of the actions of the state at all levels constitutes the bulk of the overlapping modes of social regulation; the bulk but not the entirety. The organizations of the civil sector also play an important role directly and through their influence on the state and on corporations. Increasingly supra national bodies are taking on a powerful role in the economy that is more than the expression of the collective voice of member states. They are becoming a regulatory force unto themselves, with considerable impact on states, corporations and communities. For example, according to Szabowski (2002) the World Bank, through its policy on loans associated with the mining industry, is having considerable impact on the relationships that are emerging among mining corporations, local groups (often indigenous) and nation states. If we take a liberal view, we can consider World Bank efforts to partner with local groups to be a new trend (Dimaggio and Powell, 1983) although coercive aspects of World Bank policies may, in fact, be dominant (Klitgaard, 1990; Hancock, 1989). However, while acknowledging rejection of the world polity on the part of certain indigenous or traditional societies, institutional theorists highlight the supremacy of political-technological organization, including rational accounting systems, world trade, and modern bureaucratic organization (Thomas, 1987).

Indigenous communities may be either engaged or disengaged in economic activity, and their involvement may extend to either local or global interactions. It follows that the mix of integrating, transforming and excluding mechanisms adopted by a particular community in its approach to the global economy, and therefore the mode of development that emerges, is heavily influenced by the particular face of the state, global and supranational bodies (for example, indigenous peoples in Mexico have been able to appeal to a NAFTA panel on genetically-modified corn), and the civil sector and corporations that a community sees now and has seen in the past. This ‘face to face’ meeting, while heavily influenced by local circumstance, occurs within the context of the dominant global regime of accumulation and multiple, overlapping and often conflicting modes of social regulation. Further, communities may transform the local or global economic structures so as to enhance the social impact of economic activities. Such transformations may include substitutions involving tradeoffs of profit for other social benefits, such as job creation, health, and community welfare. Indigenous groups that choose to engage with the global economy are not at the end of the process – they are at the beginning. To successfully engage they must transform economic actors on
their own terms. They do this by identifying business opportunities and marshalling resources, and develop organizations to realize the potential that these opportunities offer to satisfy their economic and other development objectives. This is the process of social entrepreneurship for indigenous communities. It combines elements of both the creation and sustaining power of small business with the desire for broader development within the community. It eclipses entrepreneurship exclusively conceived of as an economy-building, Schumpeterian process. Morris (1998) captures some aspects of this process by stating, ‘entrepreneurship is a universal construct that is applicable to any person, organization (private or public, large or small), or nation’ and that ‘an entrepreneurial orientation is critical for the survival and growth of companies as well as the economic prosperity of nations’ (p. 2). Expressing a similar view, Raymond Kao et al. (2002) define entrepreneurship as, ‘not just a way of conducting business; it is an ideology originating from basic human needs and desires . . . [that] entails discovering the new, while changing, adapting and preserving the best of the old’ (p. 44). Other authors, such as Blawatt (1998), Drucker (1985), Fiet (2002) and Moran and Ghoshal (1999) express similar views. In short, indigenous social entrepreneurship consists not only of economic prosperity, but also includes collective cultural and social identity and wellbeing.

INDIGENOUS ENTREPRENEURSHIP VERSUS ETHNIC ENTREPRENEURSHIP

How is indigenous entrepreneurship different from the more commonly discussed ‘ethnic’ entrepreneurship – and does either differ with from social entrepreneurship? And if there are differences are they fundamental, or is it a matter of academic semantics? These are reasonable questions. It is our argument that while there are certainly some areas of theoretical overlap between ethnic and indigenous entrepreneurship, such as co-members sharing a common language, cultural identity or even a sense of historical domination, there are also fundamental differences.

First, ethnic entrepreneurship almost always addresses the issues of immigrant populations and the situation of relatively newcomers to a particular region or nation (Portes & Bach, 1985). In addition, ethnic entrepreneurship typically examines the economic interactions within a particular area of relatively new settlement, and the forces, such as social capital, that are brought into an area by the immigrants (Light, 2004). In contrast, indigenous groups, as discussed previously, almost always involve individuals that have a close attachment to ancestral territories and the natural resources in them. And while the topics of social capital and relational networks are important to
understanding indigenous entrepreneurship, the historical context and sources of such capital and network links may be quite different.

Second, indigenous entrepreneurship is often connected with the notions of community-based economic development, whereas ethnic entrepreneurship typically involves enterprise development at the individual or family level. And while this certainly does not preclude individual entrepreneurial behaviour within indigenous communities, it is usually viewed by leaders and governments as a component of economic development, rather than a strictly individual initiative.

And third, since in many countries indigenous people have obtained quasi-governmental or ‘nation’ status, the economic factors of business enterprise are much more formally linked to, and perhaps indivisible from broader cultural and political factors. Certainly, these differences do not imply that the study of indigenous entrepreneurship stands in isolation from the study of ethnic business enterprise, or even from the general field of entrepreneurship. For example, the topics of social capital, networks, cognitive styles, technology adoption, competitive positioning, and entrepreneurial incentives are universal concepts in the field of entrepreneurship, but they must be carefully analysed and properly understood within the basic historical differences between immigrant co-ethnic populations and indigenous populations.

INDIGENOUS ENTREPRENEURSHIP AND SOCIAL ENTREPRENEURSHIP

The track record for external actors in the social entrepreneurship field is quite mixed. This is certainly true for the top-down externally driven attempts (whether by state or non-state organizations) to improve the circumstances of Indigenous people that dominated practice until recently. Honig (1998; 2000) points out the problem of both institutional forces and agency in biasing external NGOs and advocates in their attempts to promote social entrepreneurship. Well intentioned efforts may fail to yield effective results, in part due to the considerable social and cultural gap between providers and receivers of assistance.

More recently and in response to the failure of these top-down, externally imposed efforts, Indigenous people in increasing numbers are engaging in entrepreneurial activities with a social purpose beyond, and often only attainable as a result of, the creation and operation of profitable business enterprises. These activities fit our definition of social entrepreneurship – private and government and non-government public organizations combining resources toward the delivery of goods and services that provide social improvements and change.
Anderson (1999), for example, points out that the Canadian aboriginal approach to economic development is predominantly collective, centred on the community or 'nation' for the purposes of ending dependency through economic self-sufficiency, controlling activities on traditional lands, improving existing socio-economic circumstances, strengthening traditional culture, values and languages (and the reflecting the same in development activities). He maintains that these objectives are obtained by means of entrepreneurship – creating and operating businesses that can compete profitably over the long run in the global economy – often by forming alliances and joint ventures among themselves and with non-Aboriginal partners; and by building capacity for economic development through: (i) education, training and institution building; and (ii) the realization of the treaty and Aboriginal rights to land and resources. Similarly, Peredo (2001) reporting on indigenous peoples in three Andean countries discusses the desire of Andean indigenous peoples to pursue their own development based on collective activity, traditional lands, traditional values (especially respect for the common patrimony and common good) and pursuing multiple goals in order to reach the common good. Within the Andean community this is obtained by means of ‘Community-Based Enterprise’ (CBE), defined as a community acting corporately as both entrepreneur and enterprise in pursuit of the common good. CBE is therefore the result of a process in which the community acts entrepreneurially, to create and operate a new enterprise embedded in its existing social structure. Furthermore, CBEs are managed and governed to pursue the goals of a community in a manner that is meant to yield sustainable individual and group benefits over the short- and long-term. In the Canadian and Andean contexts, this is surely social entrepreneurship from within the indigenous community, as opposed to exogenously provided. These are but two illustrative examples from among many; including the Maori in New Zealand, the Aborigines in Australia, the Sami in Northern Scandinavia, the circumpolar Inuit people and Indigenous people in Asia and Oceania.

We believe that the study of Indigenous populations, including their efforts at social entrepreneurship, is not simply an exercise in analysing outliers in the global world-system. Rather, it provides a source for theoretical and empirical analyses of social entrepreneurship relevant to the development of generalizable theory applicable in many environments including, but by no means exclusive to, indigenous communities. Research in this area should provide insights into the impact of globalisation forces on communities (indigenous or not), and the possible responses of individuals and communities that can balance the needs of individuals, communities, and economic institutions. From a theoretical perspective, this research is relevant to virtually every nation-state, ranging from classic notions of indigenous peoples in impoverished industrialized economies to communities such as the Basques, the Welsh, the Chechnians and the Scots.
From a purely instrumental point of view, global actors, including transnational corporations, are recognizing the necessity of ensuring shareholder value in terms of ethical and social development towards long-term sustainability. All nodes that interact with market forces, including the state, the civil sector, and corporate entities, have an interest in promoting community development that leads to long-term economic development of markets, including the provision of jobs, the sharing of resources, and the support of relevant and situated communities.