FORGING ABORIGINAL/NON-ABORIGINAL PARTNERSHIPS: THE JOINT VENTURE MODEL

GABRIELE FERRAZI,
Faculty of Management,
The University of Lethbridge,
Lethbridge, Alberta,
Canada, T1K 3M4.

ABSTRACT / RESUME

With greater control of capital and resources, many Aboriginal people are gaining the capacity to enter into joint ventures. This is a model of economic partnership with non-Aboriginal society which has been increasingly used in recent years. This paper seeks to generate discussion by raising fundamental questions about the roles of Aboriginal people and the benefits to be derived by them.

Avec un plus grand contrôle du capital et des ressources, beaucoup d'autochtones atteignent la capacité d'organiser des entreprises conjuguées. C'est un modèle d'une association économique avec la société allogène dont on s'est de plus en plus servi ces dernières années. Cet article vise à la discussion en soulevant des questions fondamentales sur les rôles des autochtones et les profits qui leur reviennent.

Introduction

The last few decades have seen greater economic ties develop between Aboriginal people and the mainstream society. These ties are primarily characterized by the role of Aboriginal people as consumers of externally produced goods and services. The only notable exception to this role involves northern Aboriginal people's continued dependence on the domestic economy (Usher and Weihs, 1989). As far as Aboriginal production for non-Aboriginal consumption is concerned, activity has been increasing but the potential is yet unfulfilled; past activity has been largely limited to primary production and arts and crafts. For many reasons, Aboriginal people have not maximized their productive potential with respect to satisfying local needs and external markets. Beyond their involvement in the domestic economy, Aboriginal people have primarily offered their labour for wages or their communal land and resources for lease and royalty compensation.

In the 1980's, Aboriginal groups have pushed hard on many fronts. Fulfillment of treaty rights, negotiation of land claims, self-determination and economic development have figured prominently in the Aboriginal agenda. Many Aboriginal leaders today view large scale resource development projects favorably, provided that these projects follow comprehensive or specific (treaty based) land claim settlements and provide substantial benefits to Aboriginal people (Cybulski, 1989:G1). Their intent is to forge links with mainstream interests based upon a new definition of “partnership” (Stelter, 1989:30). Indeed, the settlement of land claims and the fulfillment of treaty rights are seen by many as promising significant increases in capital and resources under Aboriginal control (Thalassa Research Associates, 1983:60). By virtue of this control, it is anticipated that mainstream capital will increasingly have to, or desire to, deal with Aboriginal people.

In Canada's north “participation” is the new watchword, a theme expounded by Native leaders and Territorial politicians alike (Jaremko, 1989:B4). But it is not only northern Aboriginal people who are interested in forging economic links with the mainstream economy under a redefined partnership. Indian Bands throughout Canada are levering their resources using external partners. These planned, nascent or operating initiatives go beyond primary resource development, encompassing industries in the manufacturing and service sectors. One of the emerging models of the new “partnership” is the joint venture.

Defining The Joint Venture

Various forms of business collaboration between parties are possible and these are often loosely referred to as joint ventures; partnerships, non-equity agreements and minority equity alliances

for example. All of these forms of collaboration, including joint ventures proper, can be subsumed under the umbrella of “strategic alliances” (Killing, n.d.:11).

A lack of definitional rigor regarding joint ventures permeates popular literature and discussion. Even legal definitions seem to lack precision. According to the Canadian Law Dictionary (Yogis, 1984), a joint venture is described as follows:

> A business undertaking by two or more parties in which profits, losses and control are shared. Though the term is often synonymous with partnership, a joint venture may connote an enterprise of a more limited scope and duration…(p.116).

It is important to note that joint ventures differ significantly from partnerships and other forms of business. Whereas in a partnership assets are owned by the partnership, in a joint venture proper, ownership is maintained by the distinct parties involved (Thorne Ernst & Whinney, 1987:18). Liability also differs from the partnership model; a partner in a joint venture is not automatically jointly and severally liable for the debt of the entire venture. Moreover, a partner cannot be bound by the actions of another party (Reiter, 1989:8.2).

Because joint ventures come into being by way of a joint venture agreement, these agreements are crafted with care to achieve liability and agency conditions desired by the parties. If improperly written, the joint venture agreement may be construed as a partnership agreement, leading to the loss of possible liability and tax benefits (Smyth and Soberman, 1976:619; Thorne Ernst & Whinney, 1987:17).

Being a creature defined by contract law, the joint venture proper has no specific legislation similar to provincial or federal business corporations acts enshrining its powers and obligations. However, partners sometimes incorporate the“joint venture” as a closely held corporation with share capital. While not joint ventures within the strict legal definition, these incorporated firms usually define partners' roles via a shareholders' agreement and essentially operate within the spirit of a joint venture. Naturally, the tax, agency and liabilities situation in these incorporated entities will differ from joint ventures proper.

For the purpose of this paper, discussion of joint ventures will include incorporated entities. Reference will be made to joint ventures proper, i.e. those entities adhering to the more stringent definition, where advantages or conditions are specific to this entity. The essential elements of a joint venture are taken to be the sharing of ownership and control of a specific project by distinct parties that have other economic lives of their own beyond the joint venture. The usual“limited duration” feature will be relaxed. It will also be understood that the term joint venture refers to Aboriginal/non-Aboriginal joint venture unless otherwise specified.

Advantages Of Joint Ventures

Aboriginal people are drawn to the joint venture model out of necessity in many cases. Lack of capital, technical and managerial expertise hamper development of human and other resources available to them. Through the joint venture model the Aboriginal partner can potentially bridge resource gaps and attain other benefits. The possible benefits include (not necessarily in order of importance):

1. Obtaining sufficient capital to finance a venture

2. Attaining total or partial control over the pace and conditions imposed on development

3. Receiving a portion of the venture's profit stream

4. Achieving greater local employment

5. Transferring of managerial and technical skill

6. Sharing of risk

In addition to the above general benefits, joint ventures proper offer some advantages to Indians on reserves not available to other Canadians. In contrast to the partnership situation, income or loss from the joint venture is determined and allocated *before* depreciation/capital cost allowance is claimed by the individual partners. Hence the Indian partner can, within certain limitations, transfer deductions that are not required, due to tax exempt status, to a non-Indian who can benefit from the deductions (Thorne Ernst & Whinney, 1987). The Indian partner can offer the tax benefit transfer as an inducement to create the joint venture or negotiate to reclaim part of its value through profit sharing or other agreements.

Aboriginal people may also be encouraged to undertake joint ventures as a result of the recently announced funding priorities of the $874 million five year federal Canadian Aboriginal Economic Development Strategy (CAEDS). CAEDS will support joint venture formation through one of its eight components (Industry, Science and Technology Canada, 1989). According to CAEDS, through the“Joint Venture” component:

> Aboriginal businesses will be encouraged to forge new links with firms in the mainstream economy to benefit from the transfer of management, technical and other business skills to Aboriginal people, as well as exploit

> employment and income opportunities. This mechanism can be particularly instrumental in securing access to major resource projects for isolated communities (Ibid.:12).

CAEDS will fund only the Aboriginal partner in the joint venture and requires Aboriginal majority ownership and control, although it is willing to waive these conditions "where benefits accrue to the Aboriginal partner and the non-Aboriginal partner is a well-established enterprise."

Aboriginal Perspective On Joint Ventures

In recent years North American Aboriginal managers and political spokespersons have sung the praises of the joint venture model as an important vehicle for achieving economic development. Advocates in the U.S. sell the concept of joint ventures as a means of getting more out of tribal resources, moving beyond the meagre rewards of merely leasing assets to uncommitted parties (Posner, 1986). The acquisition of capital, skills and other needed resources have been cited as potential benefits by a number of Canadian Aboriginal spokespersons (Sinclair et. al., 1985).

It is often the case that the Aboriginal partner perceives the joint venture as a means to a greater goal rather than as a satisfactory end in itself. As Jack Beaver (1985:43) suggests:

> A successful joint venture enables a band to develop the management capacity among its people so that Native participants can eventually take control of the business and operate it independently.

Hence the joint venture may be seen as a dynamic interaction that leads to the attainment of underlying fundamental objectives. This conception of joint ventures is further reinforced by the preliminary findings of Aboriginal equity participation in resource development projects in the early eighties:

> The most dominant motive voiced by Native groups with regards to equity participation was that equity status would provide real influence and control over the use of lands and resources, and specifically the project itself…Pure financial objectives of earning an economic rate of return from an equity investment were generally assigned a lower priority by the Native groups (DPA Consulting Ltd., 1982:4-2).

In view of the development priorities espoused by Aboriginal people it is not surprising to find resistance to joint ventures in some cases. Public attention has naturally focused on"courting" activities that have led to joint venture"marriages". It has been more difficult

to track Aboriginal groups which oppose joint ventures in principle and those which have, for various reasons, spurned the advances of a potential joint venture partner. There is no reason to believe that, in the future, rejections of proposals will be few in number given the diverse and potentially diverging development objectives of Aboriginal people.

Aboriginal Involvement In Joint Ventures

Evidence of Aboriginal interest can be seen in the increasing number of joint ventures across Canada. Whereas in the 1970's joint ventures were practically unheard of in Canada, by the early 1980's a handful of “component” joint ventures (joint ventures which comprised only a part, usually small, of a resource development project) had been initiated (Department of Indian Affairs and Northern Development, 1982). By 1985, the Department of Indian Affairs estimated that joint ventures comprised 1.3% of all Indian-owned businesses (Indian and Northern Affairs, 1986a:22).

The above data suggests that in 1986 about 46 joint ventures (involving Indian(s) as the Aboriginal partner) existed in Canada.[1] In light of the tax advantages flowing to Indians from the *Indian Act*, it is likely that the occurrence of joint ventures will be higher for this Aboriginal group than among the Métis or Inuit. A very tentative estimate would place the number of joint ventures between 70 and 100 for all Aboriginal groups. Of course, this estimate should probably be discounted to take into account overly“loose” definitions of joint venture used in the Indian and Northern Affairs study. In arriving at a present day estimate, however, this definitional error is likely to be more than balanced by increased joint venture activity over the last four years. Nonetheless, this figure should be treated with caution; it is only a preliminary estimate and requires empirical validation.

The joint ventures undertaken range widely in terms of sector, level of processing and location. A sample of established, or developing, joint ventures is provided below to give a flavour of this diversity:

- In Nova Scotia, the Membertou band, through its economic development arm, the Membertou Development Corporation, has joined with a Texas entrepreneur to test, manufacture and market a new plastic irrigation hose (McKenna, 1989).
- In Quebec, Billy Diamond's James Bay Cree band, through its economic development arm, the Waskaganish Enterprises Development Corporation, has joined with Yamaha Motor Canada (and Yamaha Japan) to design, manufacture and market fiberglass canoes (MacGregor, 1989).
- In Ontario, the Nipissing Indian Band #10 is joining with de'Medici & Co. of Milan, Italy. The joint venture will consist of a reserve

based dressing and dyeing operation (Ferrazzi, 1989).

- In Saskatchewan, the Lac La Ronge Indian Band, through its holding company, Kitsaki Development Corporation, has moved into the resource development related trucking industry by joining with Trimac Transportation (Brock, 1989).
- In Alberta, a chopstick factory has just opened as a joint effort by the Sturgeon Lake Band's Cree Valley Industries Ltd. and a Chinese partner, Harbin International Corporation for Technology and Economic Development (Woodward, 1989).
- In the Northwest Territories, the Denendeh Development Corporation, Métis Development Corporation and Esso Resources Canada Limited combined to form Shehtah Drilling Ltd. This joint venture operates drilling and service rigs and a base camp facility at Norman Wells (Davies, 1984).

Some joint venture proposals have undoubtedly been rejected. One example involves the overtures made by Sogepet Limited to the Aboriginal people of the Eastern Arctic, specifically those living near the Northern Islands region of Hudson Bay. In an attempt to gain exploration permits from the federal government, the company proposed to"secure the co-operation of the Native persons of the area, including their joint venture participation in the program if they so wish" (Sogepet, 1986). The predominantly Inuit community of Coral Harbour, the primary local stakeholder, replied with a resounding negative response to exploration, citing the protection of non-renewable resources as their primary concern (Coral Harbour Council, 1986).

It is clear, however, that the joint venture model is gaining favour. A confluence of events and objectives are providing impetus toward this form of collaboration: the promise of exercising greater control over local environmentally sensitive projects; the advantages of resource complementarity and risk sharing; increased control of land and natural resources that are attractive to partners and access to a significant government funding program component (CAEDS) tailored to the model. Aboriginal governments, affiliated corporations and individual entrepreneurs are receiving unsolicited requests for joint ventures (see for example Sogepet, 1986; Alberta Native Business News, 1987:5; Nipissing Indian Band #10, 1988). Aboriginal leaders are recognizing the trend, making joint ventures important topics of discussion at Aboriginal economic development conferences (The Indian Equity Foundation, 1989).

Capital Availability

In addition to land and other natural resources, Aboriginal groups must have, or be able to access, large capital pools in order to create joint venture opportunities. Capital is especially critical to groups that have little else beyond human resources. Potential sources of capital

include the CAEDS, land claims settlements and Aboriginal monies presently held in trust.

A limitation of the federal CAEDS program is that"Joint Ventures" is only one of eight components. It appears, however, that there is no rigid component allocation at this time. Thus, one might expect that a significant portion of the total program may be available to fund joint ventures if meritorious proposals were submitted. Allowing for even $500 million over the five years of the program budget, this would result in the funding of a handful of medium sized joint ventures each year; significant but not astounding.

Previous land claims settlements and current agreements in principle in the north do promise significant additions to capital pools and other resources under Aboriginal control. It must be noted, however, that the funds from settlements will be handled by the recipient institutions in a fiduciary relationship toward present and future eligible claimants. Moreover, transfer payments are likely to take place over several years and federal loans made to Aboriginal groups for the purpose of negotiations are subtracted from front end payments.

Fund administrators may pay out portions of the funds in per capita dividends. They may also want to place the bulk of the money in safe long term investment instruments. Some observers, noting the Alaskan experience, are suggesting that 5% of the funds be allocated to small business/equity positions (Robinson et. al., 1989). Scenarios drawn by claims analysts at the Arctic Institute of North America predict that groups such as the Dene-Métis and the eastern Arctic Inuit will each control between $1.5 — 2.0 billion within 25 years (Robinson et.al., 1989:61). Using the 5% suggestion, each group would make available $100 million, over this time frame, for high risk business investments such as joint ventures. If all settlements (including the larger treaty based claims) are taken into account, the magnitude of funds available for joint ventures would probably be equivalent to the funds available under the CAEDS.

Indian Bands do have other resources they could potentially use for business investment. Capital monies, obtained from the sale of surrendered lands, non-renewable resources and oil and gas leases are held in trust by Indian and Northern Affairs Canada on behalf of the respective Bands. Additional Band receipts are held in trust under a revenue account. Under the terms of the *Indian Act*, the Minister of Indian and Northern Affairs Canada can delegate responsibility to Bands to manage their revenue account monies, but not the capital monies. About 3/4 of all Indian Bands have received authority to manage their own revenue receipts. The combined accounts represented close to half a billion dollars in 1984. The trust accounts are unevenly distributed, with the top ten Bands, found in Alberta, accounting for 40% and 60% of national capital and revenue accounts receipts respectively (Nichelson and MacMillan, 1986:219-221).

Indian and Northern Affairs Canada officials are exploring ways

of devolving some control over the trust funds but inevitably cite the *Indian Act* as a limiting factor (Goodwin, 1989:11:19). One Alberta Band (Samson) has lost faith in the process and has filed a $575 million lawsuit against the federal government, charging it with mismanagement of Band royalties held in trust (Wagg, 1989:1). The process of gaining control will likely be protracted and even if successful will provide only a limited number of Bands with significant funds for investment.

The cash, land and resource“windfalls”, along with the recent CAEDS announcement, have captured the attention of the media. At first glance, Aboriginal people seem poised to engage in a multitude of large joint venture deals. However, in so far as availability of high risk capital is concerned, the amounts are much more modest and the prospects much less bullish than the gross figures might suggest.

Joint ventures will be pursued despite capital constraints. After all, they are used precisely because they combine partners' resources. But it is safe to predict that the pace of development will continue to be modest. Joint ventures tend to require large investments; several of the examples provided require a total investment of over $5 million and yet would be classified as small businesses. Individuals or groups which do not have a natural resource base must have at least some capital. Hence, growth in the number of joint ventures will continue to be constrained by the Aboriginal people's lack of capital and the continued need to lever additional capital from government sources. Moreover, for the near future, joint ventures may tend to be restricted to components of larger projects, limiting Aboriginal influence on the project as a whole.

“Partnership” Or Assimilation?

The spectre of assimilation is bound to surface in any analysis of initiatives or government programs that result in new links between Aboriginal and mainstream corporate institutions. By aiming precisely to forge these links, joint ventures will likely generate divergent or ambivalent feelings with regard to the issue of assimilation.

When the Minister of Indian and Northern Affairs Canada, Pierre Cadieux, and Minister of State, Tom Hockin, announced the CAEDS at the Sarcee reserve in Alberta in 1989, the Chiefs and Councillors present greeted the program with general optimism. However, at this same gathering, Blackfoot Band Chief Strater Crowfoot voiced his view that the program was“an attempt to mask the government's ongoing process of assimilation” (Morrow, 1989b:1).

The danger of increased assimilative pressures must be placed in the context of past economic linkages. Over the last two decades Aboriginal economic development has paradoxically been both inwardly focused and in the image of the mainstream economy. In 1985, only about 13% of Indian businesses were operating off-

reserve. The vast majority of those operating on-reserve (94%) employed less than 10 employees (Indian and Northern Affairs Canada, 1986a:10), suggesting that the businesses were serving primarily local markets.

Despite examples of local and regional cooperative enterprises, most economic projects have been structured as individual enterprises. The Department of Indian and Northern Affairs has encouraged individually owned small business development within communities. Critics of this approach suggest that this orientation reflects the Department's ideological preference and the increased control over Aboriginal affairs afforded by this model (Frideres: 1988:404).

In an assessment of the likely impact of joint ventures (supported by government or exclusively engineered and financed by the partners), it would be helpful to determine, as a starting point, the characteristics of the Aboriginal partners. While this determination is severely hampered by a large information gap it does appear that Bands, Tribal Councils and other representative institutions and their corporate affiliates comprise the majority of the Aboriginal partners to date.[2]

Although the individual Aboriginal entrepreneur may well have received more encouragement from government than have economic institutions that are more communal or representative in nature, the benefits from land claims have been, and will continue to be, funnelled through Aboriginal representative institutions. Moreover, existing Aboriginal businesses best prepared to enter into “partnership” via joint ventures will be those that are relatively large and have at least some management capacity and access to capital; these will tend to be regional or local representative institutions and their corporate affiliates.

It is difficult to predict whether the current CAEDS will signal greater government acceptance of the communal/representative model. If indeed this will be the case, one may well ask how this type of joint venture Aboriginal partner will fare in comparison to the individual Aboriginal entrepreneur (in a joint venture or wholly owned enterprise), in resisting assimilative forces. These questions may not yet be answerable given that joint ventures are still in their infancy. Nevertheless, they are likely to be increasingly voiced as the number and longevity of joint ventures increase.

Making The Trade-offs

Alberta-Pacific Forest Industries Ltd., owned by Japanese and Canadian investors, is currently promoting a $1.3 billion pulp mill project in Northern Alberta. Aboriginal people are urged to support the project on the basis of job creation and preferential treatment to Aboriginal businesses. The Métis and Indian associations of Alberta have publicly supported the project on the condition that their mem-

bers“are guaranteed a significant role in the development”. When asked about environmental impacts, the president of the Métis Association explained his position:

> …clean air and pure water mean little to people living in futility, with few opportunities, unfulfilled dreams and fading hope (Donville, 1989:8).

The chiefs of many of the northern Bands do not support their leaders' statement. Their feelings are more in line with Harold Cardinal, executive director of the Aboriginal Resource Development Group (Morrow, 1989a):

> Whenever there has been major development there has been a major impact on the lifestyle and the ability of Native people to make a living. And unfortunately for us, the experience from one end of the country to the other has been consistently negative. Whether it's hydro-power, forestry, mining or pipeline development, the results has (sic) been consistently disastrous (p.4).

The Alberta-Pacific situation is only one of many situations that will see the Aboriginal community split over whether to oppose or support a project and, if the latter, over the nature of participation. Engaging in joint ventures with Alberta-Pacific, or similar partners in similar situations, would be a bold and high stakes gamble. The risk to the Aboriginal leadership would be high in terms of political standing and the patrimony that would be left to future generations.

There is considerable potential for internal strife in Aboriginal communities. In the case of the previously mentioned community of Coral Harbour, it is not unreasonable to anticipate conflict in the future. With the advent of greater control over resources, land claims settlements and the increasing discontent of the unemployed and culturally dislocated Inuit youth, one could well imagine a situation in which a joint venture with Sogepet might be considered more favorably by the community's leaders. Involvement (or complicity?) of the community in non-renewable resource exploitation could pit youth against more traditional elements of the community.

The above scenario prompts some salient questions. To the extent that severe conditions are imposed by the Aboriginal partner to safeguard community interests, will the terms posed by Aboriginal partners be too onerous for the non-Aboriginal partners? To the extent that Aboriginal political and business leaders relax their conditions, how will they gain the approval of their constituencies on sensitive issues such as the influx of joint ventures on Aboriginal land and restricting traditional Aboriginal use of resources in favour of commercial/industrial use?

Other difficult trade-offs will be faced by communities located in areas offering few opportunities for investment. For example, Aboriginal groups situated in regions offering few opportunities may find

that these have already been seized by non-Aboriginal entrepreneurs. It is possible that existing non-Aboriginal entrepreneurs may be interested in entering into joint ventures by selling part of their business, but they may ask for grossly inflated amounts in anticipation of the availability of claim funds. This would make investment at the local level problematic and encourage a national or international investment strategy, likely through joint ventures. This strategy would perforce exclude local employment and skill enhancement benefits and potentially place adventurous Aboriginal investors in precarious situations. For example, if"communal" investments made in urban real estate were to fail in generating an earnings stream, and not provide other tangible benefits by virtue of being located far from the rural"home" community, one might well expect considerable grassroots resentment and reaction.

Finally, Aboriginal groups or individuals viewing joint ventures as a transitional stage to complete Aboriginal ownership and control will have to balance the desire for a fast transition with the risk imposed on the business by relatively inexperienced directors, managers and technical staff. Whereas individual entrepreneurs may well be able to be patient regarding the timing of anticipated skill, management and control transfers, it is possible that representative institutions/ affiliates will find it harder to resist, for political reasons, premature moves in this regard.

Joint venture and requisite trade-off decisions will be further complicated by the complexity of accountability arrangements presently in force among the people, their representative institutions and these institutions' corporate affiliates. For example, a Band's corporate arm may in some eases be given *carte blanche* to enter major joint venture agreements. In other instances these deals may be subject to some form of wider review and possibly local constitutional processes. The route taken will likely affect the ease with which joint ventures are established, local perceptions and subsequent reactions. While this applies to any economic project, joint ventures have the potential, by virtue of yielding benefits to non-Aboriginal parties, to generate intense and divergent views.

It will be interesting to note how Aboriginal leaders maintain a course between the potentially divergent interests of their constituents in developing their economic base through joint ventures. The trade-offs involved will be difficult, and great skill will be required to define and arbitrate interests. Warning cries of assimilation and exploitation may be levelled by some in the Aboriginal community, warnings that can be disregarded only at great peril.

Toward Successful Management

In order to obtain the anticipated rewards of joint ventures, Aboriginal partners must take part in the control and management of the ventures. The study of joint venture management in the

mainstream corporate or state sectors is itself in infancy. Only recently has evidence been gathered on partner selection, control and performance variables (Killing, 1983; Beamish, 1988; Geringer, 1988).

The usefulness of these findings to Aboriginal/non-Aboriginal joint ventures has yet to be explored. It is known that joint ventures are complicated entities to manage in the best of circumstances. Given the size asymmetry, differences in management experience and objectives, and the cross-cultural communication found in joint ventures, it is to be expected that this model will indeed present great challenges to both partners. Practical guidance on partner selection criteria, legal structure and/or agreement clauses, ownership and numerous management issues will be lacking initially, and the participants will be groping for solutions for some time to come.

Research aiming to provide guidance is hampered by the fact that joint ventures are born through an agreement that does not require government registration. Joint ventures that are incorporated are essentially indistinguishable from any other corporation with share capital. When joint ventures do become visible by seeking government assistance, the problem becomes one of piecing together fragmented data bases. The Department of Indian Affairs has been faulted by the Task Force on Indian Economic Development for not creating data bases that could be useful to Aboriginal entrepreneurs and institutions (Indian and Northern Affairs Canada, 1986b:2). This situation is not likely to be quickly remedied.

Investigation of joint ventures will continue to be a laborious and difficult task unless governments and research institutions cooperate in the gathering and sharing of information. Many questions and issues, only some of which have been posed in this paper, merit rigorous scrutiny. At this point practitioners and government facilitators are learning as they go along, with all of the inefficiencies this entails. It is hoped that more researchers, government policy makers and practitioners will choose to formalize and disseminate the learning so that potential joint venture partners will avoid some pitfalls and not have to reinvent the wheel.

Conclusion

Joint ventures are becoming increasingly popular vehicles for Aboriginal economic development. Given the considerable advantages provided by this model, growth in its use is expected. However, despite some recent and pending resource transfers and a government program specifically targeted at joint ventures, this growth will continue to be constrained by a lack of capital. Moreover, the successful management of the joint venture, including its highly charged political context, will be hampered by the dearth of relevant research conducted to date that could provide useful guidance to practitioners and government policy makers. This paper has briefly

outlined existing data, key issues and questions that need to be addressed. Some tentative observations have been offered, but the study of joint ventures is too new to allow for conclusive statements. It is hoped that this paper has gone some way towards generating a much needed discussion.

NOTES

1. Based upon a ratio of Indian businesses to population of 1:100 (Indian and Northern Affairs Canada, 1986:9), and an estimated Indian population of about 350,000 (Perrault et. al., 1985), the number of joint ventures in Canada can be estimated as follows: 350,000 Indians x 0.01 Indian businesses per Indian x 0.013 joint ventures per Indian business = 46 joint ventures.

2. This is the author's impression, garnered from information gathered on 30 joint ventures at various stages of development. About 70% of the joint ventures were sponsored by representative institutions or their corporate affiliates.

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