Interactions between MNCs and Indigenous Peoples: Value(s) Crashes or Value(s) Creation?

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Introduction

This work-in-progress paper concerns interactions and relationships between two apparently very different entities; the ‘modern’ ‘economically rational’ and ‘global’ unit, represented by the multinational corporation (MNC), and the ‘traditional’, ‘environmentally rational’ and ‘local’ entity represented by indigenous peoples.

Although the operations of MNCs often concern the use of natural resources, their strategies and interactions towards indigenous peoples living in the operative areas, have received little systematic attention in the business literature. There are few illustrations and examples of how interactions and potential partnerships are established and developed, and what the results are for the different parties.

Considering the mainstream literature on business partnerships and various forms of strategic alliances, the importance of a similar values base is usually stressed. When these partnerships and alliances fail, which they often do, the lack of mutual understanding, trust, and common ideas of the future, are commonly given as explanations for the breakdowns.

We therefore intend to study interactions between partners, which at least at the outset, appear to have rather extreme differences, i.e. MNCs and indigenous groups. The basic research question behind the project is to study whether these interactions lead to value crashes or if there is potential for mutual learning and value creation? Our belief is that this research question is of general relevance for those interested in value creation from partnerships and through alliances with participants of dissimilar backgrounds. The project intends to build on a number of different case illustrations of interactions between MNCs and indigenous groups in three industries in three different countries; the forest, aquaculture and mining industries in Chile, Canada and Norway.

The purpose of this particular work in progress paper is, besides presenting project ideas and outline, to illustrate one case and to discuss explanations behind the successful interactions taking place. The paper describes the characteristics and development of individual actors but also highlights the importance of the surrounding network in achieving mutual value(s) creation and identification between different actors.

The following section briefly presents the struggles that indigenous peoples have faced for centuries, when interacting with both states and corporations. Thereafter a successful relationship between an indigenous group and a Canadian multinational forest company is discussed, and the final discussion uses network theory and work on organizational identity to outline reasons behind the fruitful relationship and how value(s) both precede and result from the interactions taking place.
The familiar indigenous story: Fighting the ‘modern’ state, fighting the corporation

For several centuries, indigenous peoples have had to struggle for their rights. They have battled modern states as well as corporations. There are many examples, all unique, but the story of the Mapuche people is in many ways a case in point. The Mapuche stand out in the history of the indigenous peoples of South America because they are the first and only indigenous nation on the continent whose sovereignty and autonomy was legally recognised. On the 6th January 1641 the Mapuche nation (part of southern Chile and southern Argentina) and the Spanish Empire concluded and signed the treaty of Killin, in which the Spanish Crown recognised the territorial autonomy of the Mapuche nation. From this date, for more than two centuries, the Bio-Bío river was respected as a natural frontier and the lands to the south of this boundary as territory of the Mapuche nation in full exercise of its right to self-determination. This event, without parallel in the history of the indigenous peoples of South America, was the result of the failure of the Spanish Crown to defeat the Mapuche nation on the battlefield. (see www.mapuche-nation.org)

However, this recognition did not make much of a difference for the Mapuche people. Between 1860-1885, as a result of a joint military campaign in the Southern Cone, known as the "Pacification of Araucania" in Chile, and the "Conquest of the Desert" in Argentina, around 100,000 Mapuche were massacred. The confiscation of land and the forced relocation onto indigenous reservations of the Mapuche people who had survived the war, was carried out by the Chilean and Argentinean states. For decades thousands of Mapuche were exiled and their traditional authorities persecuted. As Gedicks (1993) argues, native peoples have been, and many still are, subject to a “discourse of dominance” by governments and corporations, which leaves them out of decisions affecting their lands.

There are also numerous examples of battles between indigenous peoples and corporations (often in combination with governments). In recent times one of the more known struggles is the Ogoni peoples nonviolent resistance to protect their lands, for which they became the targets of a campaign of political repression and violence by the Nigerian military. This campaign was, several sources claim, carried out with Shell’s knowledge, approval, and material support. The case gained widespread attention in 1995 when Nigeria tried and executed Ogoni author and activist Ken Saro-Wiwa and eight other leaders.

Another ongoing case is the Pascua Lama deposit, one of the largest foreign investments in Chile in recent years, totaling US$1.5 billion. The plan is to extract an estimated 500,000 kilograms of gold (along with silver, copper and mercury) from the site located in a very fragile eco system over a 20-year period. The company in charge, Canadian Barrick Gold, will need to relocate significant parts of three giant Andean glaciers—816,000 cubic meters of ice—by means of bulldozers and controlled blasting, in order to reach the deposit. The relocation of the glaciers is seen by mine-opponents as symbolic of the company’s complete insensitivity to the environment. In addition, the local people feel left out of the process and without any saying about their future in the valley. There have been several protests in the streets of Santiago where people have thrown ice at Barrick’s office. However, Barrick Gold claims that it fully considers social, cultural, environmental, governmental and economic factors when evaluating project development opportunities. It interacts with local residents, governments, non-governmental organizations, international agencies and other interested groups to facilitate long-term and beneficial resource development (see www.barrick.com).

Its opponents stress that the company is trying to buy its way out of the issues at hand, instead of engaging in stakeholder dialogue. For instance, in an effort to deal with the growing opposition to the project, Barrick Gold has developed a major TV ad campaign supporting “responsible mining”, and the company has also offered US$10 million to fund local educational and cultural community projects. The Valley residents have also been offered another $60 million US towards water projects. The major beneficiaries to this fund will be large scale irrigation agro-businesses who will consume greater amounts of very finite water supplies. The funds have been dismissed as an attempt to buy silence by opponents who claim the money offered does not match the profits that will be made and the damage that will be done (Walker 2005). The company and its fenced property are located on disputed land and the traditional way of life for the Diaguita remains threatened by this project.
Barrick’s strategy follows findings from previous research, indicating that multinational corporations use a number of non-cooperative strategies in order to deal with indigenous peoples and their concerns. Examples include mass media campaigns, attacks on tribal sovereignty and challenges to local zoning authority. Backed up with money and political influence, companies sometimes manage to pay off impoverished communities or get states to preempt local control (Geddicks 1993). Considering these different illustrations, the Black River-Tembec relationship stands out as a contrasting example.

The Black River-Tembec relationship
Black River is a First Nation tribe (the terminology used in North-America to identify oneself as indigenous people), counting 750 people where about 500 people live within the community boundary of 1000 hectares 1 ½ hours north-east of Winnipeg. Tembec is a leading integrated Canadian forest products company principally involved in the production of wood products, market pulp and papers. With sales of over $4 billion dollars, Tembec operates over 55 manufacturing units in the Canadian provinces of New Brunswick, Quebec, Ontario, Manitoba, Alberta and British Columbia, as well as in France, the United States and Chile. It employs approximately 10,000 people.

Within the Black River community various forest activities takes place, including a small sawmill that is located within its boundary. A few years back, the Black River people experienced ‘the familiar indigenous story’ i.e. they faced corporations who were reluctant to communicate with them and thereby excluded them from decisions that would impact on their daily lives. The situation apparently turned so bad in the 80s and early 90s, including conflicts when the mill was closed down, that several First Nations communities came together in trying to make the corporations understand how their communities work.

Contrary to many other relationships between MNCs and indigenous peoples, Black River and Tembec have been able to establish a mutually beneficial relationship based on respect and knowledge about one another. The parties have come a long way to build relationships not just economically but also socially, environmentally and culturally. Tembec has assisted Black River people with courses such as mechanized harvesting, road building, and environmental issues. The Black River people have opened up for Tembec’s staff to learn about their community and their traditional wisdom, based on a unique knowledge of the forest ecosystem through centuries of intimate contact with the land. With this traditional ecological knowledge, First Nations communities are able to contribute to sustainable forest management practices.

The quality of a relationship is visible when problems occur. As an illustration, quite recently there was a fire incident (caused by Tembec) very close to the Black River community, which became critical for the community when the winds suddenly shifted. Tembec acted immediately, providing resources and offering evacuation assistance. The local press also acted quickly and came out to make a story (i.e. about ‘the usual’ corporation-indigenous peoples struggle). But Black River representatives said that the company were not to blame, they it reacted in a very positive way etc. The firm was ‘defended’ by the indigenous group, although the occurrence could have been a powder case. That the relationship is ‘for real’ is illustrated by Black River’s acknowledgment that Tembec has been honouring their pledge, despite that the firm has been bleeding due to hard economic times in the pulp industry. The parties take a long-term view of their relationship, and Black River will be there to support increased sustainable operations when that time comes.

In order to understand what has made this relationship possible, the following section takes a closer look at Black River and Tembec.

Characteristics and developments of individual actors
Although the Black River people possess traditional knowledge about their land and of certain forest practices, they also lacked insights of modern techniques. When the industry modernized during the 60s, from manual labour to a more mechanized way of working, the indigenous peoples started to feel left out of the process. This feeling was increased by traditional company attitudes (i.e. no involvement), which resulted that Black River was “out of
the loop for many years". One of the dangers with such a situation is, as expressed by Don Clarke, member of Black River, that people start to develop their own ideas and mindsets about what the company does and what it stands for, ideas and views that sometimes are unjustified.

During the last decade a number of key processes have started to take place within the Black River community. The desire to get more involved in forestry created a need to merge Black River’s old cultural knowledge with modern forestry practices. The community had to increase its knowledge about modern forestry, in order to be relevant for other stakeholders, to become employable in the forest and in the mill. This process can be summarized as a major movement of increasing capacity and knowledge within the community. The leaders of Black River regarded this as a prerequisite in order to be able to interact in a meaningful way with other stakeholders.

However, to be able interact in a meaningful way, Tembec also had to open up itself for the community. This process was eased by the fact that Tembec from the beginning of the relationship had a different corporate philosophy than previous forest companies that Black River had dealt with. When Black River reached out to Tembec and explained that they wanted to embark on a road towards increased knowledge of forestry, the company was both surprised and pleased, and willingly supported the initiative. Like Barrick Gold (and most other MNCs today) also Tembec stresses on its Internet site (see www.tembec.ca) that the firm is keen to play a role in all communities where it has a presence. The Black River case indicates that the firm ‘walks the talk’, contrary to Barrick Gold’s Pascua Lama strategy mentioned above. Both Tembec and Black River have people inside their organization who realize the need for mutual learning, and who have the capacity to initiate such processes. In industrial network reasoning, this process of relationship learning usually is seen as a prerequisite for further development of ‘the actual’ business.

Networks of interactions
The preceding discussion indicates that the characteristics and development of individual actors have been crucial for this relationship. Another key issue is the different networks that the actors are part of. Black River benefits greatly from being a First Nation, of being part of that very influential network. The Assembly of First Nations (AFN) is a national aboriginal lobby organization, the national representative organization of the First Nations in Canada. There are over 630 First Nation's communities in Canada and the AFN Secretariat is designed to present the views of the various First Nations through their leaders in areas such as: Aboriginal and Treaty Rights, Economic Development, Education, Languages and Literacy, Health, Social Development, Land Claims, Environment etc. The AFN receives most of its operating funds from the Department of Indian Affairs. Moreover, the educational level of First Nation members is increasingly growing, as young people get university degrees and professional work experience. As expressed by Don Clarke, corporate Canada is gradually acknowledging the power of AFN and other First Nations regional political organizations.

Also Tembec is characterized by a network approach. For instance, the Tembec Regional Advisory Committees give regional community representatives a greater voice in Tembec’s future and to help strike a balance between the communities and Tembec’s needs. These committees are composed of First Nations, NGOs, union representatives, Tembec representatives and members of the business community. A key actor in the Tembec-Black River relationship is another ‘networked’ actor, the Manitoba Model Forest.

Manitoba Model Forest is a non-profit organization, its activities are directed by a Board representing over 25 diverse forest interests. The Board of Directors is representative of this diverse partnership and includes, in this case, both Tembec and the Black River First Nation. The basic ideas is to bring together environmentalists, industry, and all levels of government, local communities, economic development groups, unions, universities, aboriginal organizations and First Nations communities. These actors then share knowledge and resources in a mutual quest for a sustainable future for Manitoba’s boreal forest. Consequently, a model forest brings together individuals and organizations with a variety of forest values. Together they form a partnership with the common goal of sustainable forest practices. The multi-interest membership of each Model Forest is committed to demonstrating
how different social, environmental, cultural, and economic interests can work together (see www. The network is illustrated in figure 1

Insert figure 1 here

Black River and Tembec, together with other actors, are creating value in the traditional sense, i.e. revenues. An additional array of values has resulted, broadly speaking in terms of learning. Black River members are enhancing their skills in modern forestry improving their own employability. Tembec is benefiting from integrating traditional knowledge in their practices and is in general improving its community awareness. By showing that indigenous peoples and MNCs can work together, core values such as legitimacy and creditability are being created. Arguably, for these values to be created, the actors base their interactions on a set of (other) values, such as mutual respect and a belief of interdependency (which are inputs as well as developed outputs in the relationship). But, a fundamental question remains: why is the Black River-Tembec relationship an example of value(s) creation and not a more likely value(s) crash? In order to address that question in the final discussion, the following section presents a brief overview of theoretical/conceptual work on organizational identity and network identification.

Organizational identities and network identification

Organizational identity is commonly seen as the property of a collective (Gioia, 1998). An organization’s identity defines a more or less shared and collective sense of who ‘we’ are, in terms of attributes that members feel are fundamental to the organization (central) uniquely descriptive of it (distinctive) and persisting within it over time (enduring) (Albert & Whetten, 1985).

Previous research suggests that an organization’s identity has an important role in differentiating between its various relationships, and providing guidance about how to behave within them. How one acts may depend on who one is, who others think one is, and who one aspires to be (Albert, 1998, p.10). Identity helps to determine the environmental stimuli that are noticed and eventually attended to (Stimpert, Gustafson & Sarason, 1998). Consequently, an organization’s identity affects the strategic choices that it makes and the actions that it takes (Rindova & Fombrun, 1998), and may create powerful motivations for cooperation (Kogut & Zander, 1996).

An industrial network view initiates a transformation of the definition of ‘actor’ from an inside perspective (focus on the actor itself) to an outside view (focus on the network), whereby an ‘actor’ is defined by the resources it has been able to mobilise and the activities in which it is involved (see e.g. Gadde, Huemer & Håkansson, 2003). However, this should be interpreted as a partial, not a total, transformation. ‘The self’ must be treated as a construction that proceeds from the outside in as well as from the inside out…..(Bruner, 1990: 108). This implies that the ‘true’, coherent and deep core of an organization must be balanced by acknowledging that the identity of an organization is also to be found in its relationships with the community in which it exists (see Czarniawska, 2000).

Attributions of ‘Self’ and ‘the Other’ are inescapably bound up with the creation of boundaries (Marshall, 2003). For instance, identity on an organizational level is regarded as constituted by tensions associated with the boundary between an organization and its environment (Rindova & Schulz, 1998), whereby a balance between similarity and difference among entities characterizes organizational identity processes (Gioia, 1998). Boundaries provide buffering as well as bridging functions; they separate as well as join an actor to its environment. The conventional business theory approach to boundaries tends to emphasize boundaries as buffers, whereas Araujo, Dubois and Gadde (2003) highlight the bridging function of boundaries by focusing on the role of interfirm relationships and the capabilities required to interact with external actors.

Perceptions of one’s identity and of the surrounding boundaries co-exist with how goals are perceived. When actors regards themselves as independent their goals are also set independently of other actors and these goals are seen as attainable regardless of the
performance of other actors. The parties may also believe that individual goal achievements are positively related. The actors realize that they can reach their own goals if, and only if, the others also reach theirs. Actors succeed to the extent that others do too, encouraging and supporting each other's efforts (Deutsch 1973). In industrial network research this means that it is important for a focal firm that its partners also can develop themselves by participating in the network. The conventional idea about winning the zero-sum game is thus transformed. The strategic problem for the individual actor is to participate in the process of network evolution in such a way as to become a winner in the sense of becoming a viable participant in the restructured networks that evolve (Wilkinson & Young, 2002).

Under such circumstances, individual organizations find it easier to identify with other units, and such identification processes provide links between identities on different levels. Organizational identity, as the object of commitment and a sense of belonging, is seen as providing a cognitive and emotional foundation on which organizational members build meaningful relationships with the organization concerned (Hatch & Schultz, 2000). People identify with organizations when they perceive an overlap between organizational attributes and their own attributes as individuals (Dutton, Dukerich & Harquail, 1994). Hence, identification has been defined as a person’s sense of oneness or belongingness with an organization (Mael & Ashforth, 1992); identification occurs when there exists a shared sense of purpose and destiny.

Although there is scant work on identity and identification processes on a network level of analysis, there exist some illustrations of network identities, often based on the coordination by a central hub managing the network. For instance, when organizations join together within a defined network boundary characterized by a shared sense of purpose (e.g. Dyer & Nobeoka, 2000), identification on the organization-network level may occur, and the network may even take on its own identity. In industrial networks, usually characterized by the absence of a clear 'lead' firm as well as defined network boundaries, a network level of identity is more challenging to develop. However network identification (Huemer 2004), i.e. a process where network actors actively address organizational boundaries and thereby perceive different views of goal achievements and correlations, assists in getting a networked sense of 'Us' also in industrial networks.

Discussion
The individual identities of both Black River and Tembec are, arguably, key when explaining why the relationship is successful. Black River has over the past years developed its 'sense of self' by increasing its competence and by recalling more of its traditional knowledge and how that can be used to create value in combination with modern forest practices. Indigenous peoples can contribute since they are ecologically embedded, i.e. they personally identify with the land, adhere to beliefs of ecological respect, reciprocity, and care taking, actively gather ecological information, and are physically located in the ecosystem (cf. Whiteman and Cooper 2000).

An essential characteristic of both Black River and Tembec identities is the ability to shape the meanings that define their commitments and their forms of belonging (cf. Wenger, 1998). Both actors’ theories of ‘who they are’ are consistent with the idea of taking an active interest in boundaries. This in turn affects their perception of goal interdependencies. The mainstream focus on value appropriation and competition in business relationships is balanced by these actors through a networked view of value creation in relationships characterized by a sense of shared destiny, framed around the desire to participate in sustainable forestry. This desire transforms how the actors perceive the boundaries between one another as well as how their goals correlate.

Previous research illustrates how actors may redraw boundaries and thereby perceive their relationships in another light. For instance, during a crisis Toyota came to regard some of its ‘outside’ suppliers as being ‘inside’ their network (Nishiguchi & Beaudet 1998). Actors in the construction business have been able to transform the perception of ‘we’ against ‘them’ toward a sense of ‘Us’ (Huemer, Becerra and Lunnan 2004). Geddics and Grossman (see http://www.idrc.ca/en/ev-64531-201-1-DO_TOPIC.html) illustrate how indigenous peoples have succeeded in creating alliances with the non-Indian public where two communities that had
viewed each other as ‘outsiders’ began to redefine each other as ‘insiders’ in a common place, under siege by new and more threatening ‘outsiders’, in that case a multinational mining corporation. That redefinition further influenced Native and non-Native concepts of ‘home’ where the Native American ‘home’ and the white majority’s ‘home’ began to encompass both tribal and non-tribal lands in a common home. The Black River-Tembec case illustrates that such redefinitions are possible also between indigenous peoples and commercial firms.

Black River’s identity is based on its identification with a larger entity, with the Assembly of First Nations, where the core obviously is the indigenous background. The following is a quote from a Shawnee Chief, presented on First Nation’s web-pages (see www.afn.ca).

"MY HEART IS A STONE. HEAVY WITH SADNESS FOR MY PEOPLE; cold with the knowledge that NO TREATY will keep the whites out of our land; hard with determination to resist as long as I live and breathe. Now we are weak and many of our people are afraid. But Hear Me: a single twig breaks, but the bundle of twigs is strong. Someday I will embrace our brother tribes and draw them into a bundle and together we will win our country back from the whites"

Tecumseh, Shawnee Chief
Circa 1795

By following the advice given in this quote, the indigenous peoples of North America have developed their collective identity. Moreover, the different actors, including, Black River, Tembec, and First Nation, are joining their resources in the sustainable forestry network. The Black River bundle of twigs become one twig in the First Nation bundle, which both are individual twigs in the sustainable forestry network, according to figure 2, where each bundle of twigs make up a single bundle at the higher level of analysis.

The quote and the figure illustrate the necessity of regarding identity and identification processes jointly. Black River’s identity and its identification on a higher level of analysis with First Nation are closely intertwined. The strength and clarity of Black River’s identity is to a significant part explained by it being part of the First Nation network, i.e. in terms of value creation this link is essential. Without an individual identity it becomes difficult to participate in an evolving network structure because the other stakeholders will have difficulties in establishing meaningful interactions, since there is ‘nothing’ to identify with. This is also illustrated by Don Clarke, a Black River member working in Chile with the intention of aiding South American indigenous peoples with their organization and ‘theory of who they are’. Although many MNCs come short in their stakeholder relationships, some also try and develop better community interactions, also in Chile. However, when the other stakeholders lack organization and visible identities, this task become more challenging. Apparently, this also happens in South America where certain industrial actors wish to interact but find it difficult since it is not clear how different indigenous peoples identify themselves.

The strong interrelationship between identity and identification is visible also in the Pascua Lama case briefly presented. Several opponents seem to believe that the Pascua Lama situation is turning into yet another value crash between a MNC and the surrounding community. A problem is that the indigenous peoples, as well as non-indigenous stakeholders in the valley, are not strong enough to voice their concerns.

However, at the core of the First Nation as well as the Black River identity is the indigenous origin, this fact is fundamental to these organizations (central) uniquely descriptive of them (distinctive) and persisting within over time (enduring). This makes identification with weaker and less organized indigenous peoples strong enough for these organizations to travel to
other continents in order to establish a base for value creation by assisting in the development of local identities.

**Conclusion and future research**

The Black River-Tembec relationship illustrates that it can be done – alliances between indigenous communities and MNCs are possible and can benefit both parties. A spectrum of values both precedes and results from the Black River-Tembec relationship. The paper suggests that a conceptual framework based on network theory and research on organizational identity is one way of explaining why some alliances between indigenous peoples and MNCs create values while others do not.

The idea of the project is to continue this line if research by adding additional cases from the mining, forestry and aquaculture industries in Chile, Canada and Norway. There are few existing illustrations of interactions between indigenous peoples and MNCs, and we believe that further understanding of such interactions, besides building legitimacy and credibility for these specific actors, is of general interest to those trying to cooperate and create value with diverse partners.

**References**


Figure 1
THE BLACK RIVER-TEMBEC NETWORK

Figure 2
IDENTITY AND IDENTIFICATION ON DIFFERENT LEVELS

A network of actor twigs—a further sense of ‘us’

Sustainable forestry

Identification-sense of belonging

The Black River bundle of twigs
Black River’s sense of who ‘we’ are

The Tembec bundle of twigs
Tembec’s sense of who ‘we’ are

The First Nation bundle of twigs
A sense of ‘us’ as indigenous peoples