



## **THE FRANCIS G. WINSPEAR CHAIR IN PUBLIC POLICY AND BUSINESS AT THE UNIVERSITY OF VICTORIA**

### **The Aims Of The Winspear Chair:**

Under the terms of reference for the appointment of a scholar to hold the Winspear Chair (letter from Dean Roger Wolff dated August 3, 2000) there are six aims of the Chair that are to be accomplished— To:

1. Facilitate and further internationally recognized research in the area of specialization of the holder of the Chair;
2. Assume an active role in the delivery and/or development of one of the Faculty's areas of concentration in the undergraduate or graduate program;
3. Be an active mentor of junior colleagues;
4. Present an annual public policy lecture which relates the teaching or research accomplishments of the holder, to the purposes of the Chair as outlined by the founder;
5. Actively engage in an effective dialogue and information sharing between the academic community and the public and private sectors; and
6. Actively participate in the Faculty's student activities and various forms of community outreach.



### **Winspear Chair Activities Conducted by the Current Holder of the Chair:**

**Dr. Ron K. Mitchell**



Given that this is Public Policy and Business chair, I have focused time and energy to begin projects and to encourage activities that have public policy impact. During the period from August 3, 2000 through December 31, 2003, the following has been accomplished in connection with each aim as follows (please see Mid-term report following):

1. **Facilitate and further internationally recognized research in my area of specialization:**
  - Since my appointment to the Winspear Chair, I have continuously sought to produce and disseminate top-tier entrepreneurship-related research in journals and books as follows:

- Mitchell, R. K. Evolutionary biology research, entrepreneurship, and the morality of security-seeking behavior in an imperfect economy (2004). Business Ethics Quarterly, The Ruffin Series # 4: 263-287.
- Danov, Michael A., Smith, J. Brock, Mitchell, Ronald K. (2004) Relationship prioritization for technology commercialization. Journal of Marketing Theory & Practice special issue on marketing high technology products and innovations.
- Mitchell, R. K., Morse, E. A., Sharma, P. (2003) The transacting cognitions of non-family employees in the family business setting. Journal of Business Venturing 18(4): 533 – 551
- Mitchell, R. K. A transaction cognition theory of global entrepreneurship (2003). In J.A. Katz and D. Shepherd, Cognitive Approaches to Entrepreneurship Research. In JAI Press: Advances in Entrepreneurship, Firm Emergence and Growth Entrepreneurship Series, Vol. 6: 183-231.
- Wang, Wen-gie, Mitchell, Ronald K., Tang, Bing-yong (2003) A new venture analysis method and its application. Journal of Donghua University Vol. 20(1), March 2003: 120-123.
- Mitchell, R. K., Busenitz, L., Lant, T., McDougall, P.P, Morse, E. A., Smith. (2002) Entrepreneurial cognition theory: Rethinking the people side of entrepreneurship research. Entrepreneurship Theory & Practice; Volume 27(2), Winter 2002: 93-104.
- Mainprize, B., Hindle, K., Smith, B., Mitchell, R. K., (2002). Toward the standardization of venture capital investment evaluation: Decision criteria for rating investee business plans. Frontiers in Entrepreneurship Research: [http://www.babson.edu/entrep/fer/Babson2002/XIII/XIII\\_P4/XIII\\_P4.htm](http://www.babson.edu/entrep/fer/Babson2002/XIII/XIII_P4/XIII_P4.htm)
- Mitchell, R.K., Smith, J.B, Morse, E.A., Seawright, K.W., Peredo, A-M, McKenzie, B. (2002). Are entrepreneurial cognitions universal? Assessing entrepreneurial cognitions across cultures. Entrepreneurship Theory & Practice, 26(4), Summer, 2002: 9-32.
- Mitchell, R. K., and Morse, E. A. (2002) Developing market economies: The aboriginal case in northwest British Columbia, in J.J. Chrisman, J.A.D. Holbrook, and J.H. Chua, Editors Innovation and entrepreneurship in Western Canada: From family businesses to multinationals: 135-166. Calgary, AB: University of Calgary Press.
- Wang, W.J., Tang, B.Y., Mitchell, R. K. (2002). The innovation types evaluation of small business. Journal of Donghua University, 19(1), March 2002: 107-109.
- Mitchell, R. K. (2002). Entrepreneurship and stakeholder theory. Business Ethics Quarterly "The Ruffin Series": 175-196.
- Mitchell, R. K. (2001). Transaction cognition theory and high performance economic results (First Edition). A research monograph summarizing the development of transaction cognition theory at multiple levels of analysis. International Centre for Venture Expertise, University of Victoria.
- Wang, W. J., Tang, B. Y., Mitchell, R. K. (2001). Identification of small business by innovation types (Published in Chinese; direct Chinese translation: Innovation types of small business and its identification). Journal of Natural Science of Heilongjiang University, 18(4) December 2001: 33-36.
- Mitchell, R.K., Smith, J.B., Seawright, K.W., Morse, E.A. (2000). Cross-cultural cognitions and the venture creation decision. Academy of Management Journal 43(5) October, 2000: 974-993.

- To facilitate and further internationally recognized research in entrepreneurship, I also:
    - Continue to serve as the Lead Editor of the *Entrepreneurship Theory & Practice* series on entrepreneurial cognition: Volume 1 published Winter 2002; Volume 2 forthcoming Winter 2004; Volume 3 to be produced in connection with the Second Conference on Information Processing and Entrepreneurial Cognition.
    - Facilitated the organization of the next invited conference on information processing and entrepreneurial cognition, scheduled to be held at the Ivey School at the University of Western Ontario, Fall 2006.
    - Serve as a member of the Editorial Board of the journal: *Entrepreneurship Theory & Practice*.
    - Produced the lead article for a special issue on cross-cultural cognitions in entrepreneurship.
    - Served as the co-organizer (along with Tricia McDougall, Winspear Scholar), and Special Edition Editor, of a special issue of *Entrepreneurship Theory and Practice*, on the topic of information processing entrepreneurial cognition. This results in recognition for UVic, but also to Eric Morse and Brock Smith, whom I have also arranged to serve as guest editors.
  - Based upon my research results to date, conceptualized and called for the Human Economic Literacy Program (HELP), a 10-year initiative that can result in raising global awareness of the critical role that effective economic cognitions plays in economic well-being. As one more immediate result of this initiative, I have reached preliminary agreement to begin—over the next 3 years—pilot economic literacy projects in Lanzhou, PRC (through future collaboration with Ralph Huenemann), Lloclapampa, Peru (through future collaboration with Ana Maria Peredo), in Kasperivce, Ukraine (through the cooperation and assistance of the local officials), and in New Aiyansh, BC (through future collaboration with the new Nisga'a LISMS Government Economic Development leaders).
  - Also based upon my research, I have conceptualized and called for the formation of a Global Committee for Venture Analysis Standards, by the year 2004 (the GCVAS 2004 initiative). As a result of this initiative, I have worked with Dr. Aimin Li, of the Ministry of Science and Technology for the PRC, for the purpose of assisting in the crafting of venture capital policy for the emerging venture capital industry in China, and for jointly conducting all necessary research to ensure that Global standards are a part of this policy.
- 2. Assume an active role in the delivery and/or development of one of the Faculty's areas of concentration in the undergraduate or graduate program:**
- I recently facilitated the 5-year external review of the ENT area of concentration, and have been engaged in the introduction of entrepreneurial sustainability into both the undergraduate and the MBA concentration curricula.
  - Since my appointment I have delivered 2 of the 5 courses in the ENT undergraduate core semester in the FOB Entrepreneurship area of concentration.

- I have also participated as co-designer of the new MBA program in Global Entrepreneurship, and taught the inaugural course: MBA 595-04 Acquiring Global Entrepreneurship Cognitions now MBA 561.

### 3. Be an active mentor of junior colleagues:

- At the request of Dean Ali Dastmalchian, I conducted the first of the new FOB Research Forum series on Research Statements on Nov. 5, 2003, which was attended by several junior researchers in the faculty.
- There are multiple research team initiatives at UVic within which I have been actively encouraging, coordinating, and creating opportunities for the scholarly development of seven research colleagues during the term of my appointment July 2000 through December 2003. In addition to several projects underway, the following projects with junior colleagues have been submitted, presented, or published:

Project (Ordered by most to least current)	UVic Junior Colleagues <sup>1</sup>
<b>Works Submitted for Peer Review, Dec. 2003:</b> Toward a stakeholder theory of the entrepreneurial firm. Submitted for review as a Conceptual Note to the <u>Academy of Management Review</u> , November 1, 2003	Cohen, B.
Problem solving in the NAFTA IJV: Transacting decisions and cognitive differences in the US-Canada softwood lumber dispute. Submitted for review to the <u>Journal of International Business Studies</u> , October 1, 2003.	Smith, J. B.
<b>Published/ Presented:</b> Creating new institutions in Canadian Entrepreneurship. Presented November 8 <sup>th</sup> , at the Annual Meeting of the Canadian Council for Small Business and Entrepreneurship (CCSBE), held in Victoria BC, November 6 – 8, 2003, and published in the 20 <sup>th</sup> Annual CCSBE Proceedings, # 10.	Cohen, B. (2003)
Transacting decisions and cognitive differences: Implications for the US-Canada softwood lumber dispute. Presented November 8 <sup>th</sup> , at the Annual Meeting of the Canadian Council for Small Business and Entrepreneurship (CCSBE), held in Victoria BC, November 6 – 8, 2003, and published in the 20 <sup>th</sup> Annual CCSBE Proceedings, # 12.	Smith, J. B. (2003)
Taking a theoretical approach to teaching entrepreneurship. Symposium held November 7 <sup>th</sup> , at the Annual Meeting of the Canadian Council for Small Business and Entrepreneurship (CCSBE), held in Victoria BC, November 6 – 8, 2003	Smith, B., Mainprize, B <sup>1</sup> . (2003)
Entrepreneurial cognition theory: Rethinking the people side of entrepreneurship research. <u>Entrepreneurship Theory &amp; Practice</u> : Volume 27(2), Winter 2002: 93-104	Morse, E. A., Smith. (2002)
Toward the standardization of venture capital investment evaluation: Decision criteria for rating investee business plans. <u>Frontiers in Entrepreneurship Research</u>	Mainprize, B <sup>1</sup> ., Smith, B. (2002).
Do us all a favor: Examining the theoretical essentials of effective Guanxi in China. Presented to the Annual Meeting of the International Association for Business and Society, Victoria BC, June 29, 2002, Proceedings: 187-192.	Su, C (Eric). (2002)
Are entrepreneurial cognitions universal? Assessing entrepreneurial cognitions across cultures. <u>Entrepreneurship Theory &amp; Practice</u> , 26(4), Summer, 2002: 9-32	Smith, J.B, Morse, E.A., Peredo, A-M, McKenzie, B. (2002)

<sup>1</sup> Junior colleagues include former students

Project (continued)	UVic Junior Colleagues <sup>1</sup>
Developing market economies: The aboriginal case in northwest British Columbia, in J.J. Chrisman, J.A.D. Holbrook, and J.H. Chua, Editors <u>Innovation and entrepreneurship in Western Canada: From family businesses to multinationals</u> : 135-166. Calgary, AB: University of Calgary Press	Morse, E. A. (2002)
Transaction cognitions and high performance family business: What are those employees thinking? Presented September 27, 2001, University of Alberta, Edmonton, Alberta, Canada at "Theories of the Family Enterprise: Establishing a Paradigm for the Field" Invited Conference on Family Business sponsored by the Universities of Calgary, Edmonton, and Pennsylvania (Wharton Business School).	Morse, E. A. (2001)
The UVic Model: Presentation of the award-winning USASBE undergraduate program model, USASBE Annual Meeting, Orlando, Fla., February, 2001	McKenzie, B., Morse, E.A., Smith, B. (2001)
Cross-cultural cognitions and the venture creation decision. <u>Academy of Management Journal</u> 43(5) October, 2000: 974-993	Smith, J.B., Morse, E.A. (2000)
<i>Advances in the portfolio method of teaching entrepreneurship</i> , In, "Lessons we have learned: A review of past innovations in pedagogy award winners," Connie Marie Gaglio, Chair: Academy of Management Annual Meeting, August 5, 2000, Toronto, Ontario. (Included in: Stewart, A., Byers, T., McKenzie, B., Mitchell, R., Morse, E., Smith, B. Lessons learned from previous innovation winners. Academy of Management Annual Meeting, Toronto, Ont., August 5, 2000.)	McKenzie, B., Morse, E. A., Smith J. B. (2000)

- Also, beyond UVic, I am facilitating joint projects among: Eric Morse, UWO and myself, and Pramodita Sharma of Wilfrid Laurier University, ON. Also I am working with Drs. Li Qi and Dean Xu of the Guanghua School of Management at Peking University on joint projects to develop this research agenda.

**4. Present an annual public policy lecture which relates my teaching and research accomplishment to the purposes of the Chair as outlined by the founder:**

Four annual Winspear Lectures have been delivered as follows:

- Winspear Lecture 2000 – 2001: *Introducing Transaction Cognition Theory: We don't want to change your oil, we just want to change the world.* Delivered February 27, 2001 at the invitation of Dr. Penny Coddling, VP Academic and Provost of the University of Victoria, as part of the University's "Conversations with Colleagues" Lecture Series.
- Winspear Lecture 2001 – 2002: *Global Venture Analysis Standards—A solution for isolationist thinking in screening and planning for new ventures.* Delivered October 28, 2001 at the National Administrative University of the PRC to an audience that included an estimated 25 percent of all venture capitalists now active in China.
- Mitchell, R. K., Winspear Lecture 2002 – 2003: *Stakeholders of the world unite: Assessing progress on the path toward a stakeholder theory of the firm.* Presented to the Annual Meeting of the International Association for Business and Society, Victoria BC, June 28, 2002: Proceedings pp. 223-224.
- Mitchell, R. K. Winspear Lecture 2003 – 2004: *A strategy for business research: Personal research statements and the AUCC Framework Agreement.* Delivered at the request of Dean Ali Dastmalchian to the Faculty of Business Research Forum, Victoria BC, November 5, 2003.

**5. Actively engage in an effective dialogue and information sharing between the academic community and the public and private sectors:**

- Contributing to a First Nations Wealth Building Think Tank, by presenting the UVic model of economic independence through entrepreneurship, and to link these concepts to property rights and governance issues, and as of Spring 2003 to publish the following:
  - Mitchell, R. K., Allen, W. G. (2003). New models for Native economic development. In C. Nyce (Ed.) Masters in our own house: The path to prosperity and cultural well-being, Terrace, BC: Skeena Native Development Society.
  - Mitchell, R. K. (2003). Assessing stakeholder interests in prosperity and cultural well-being. In C. Nyce (Ed.) Masters in our own house: The path to prosperity and cultural well-being, Terrace, BC: Skeena Native Development Society.
  - Mitchell, R. K. (2003). Governance in support of on-reserve market institutions: The rationale for a prosperity code. In C. Nyce (Ed.) Masters in our own house: The path to prosperity and cultural well-being, Terrace, BC: Skeena Native Development Society.
- Special advisor to the Industry Canada Corporations Directorate, Government of Canada, on the subject: Delegation of the power of incorporation to Canadian First Nations, as recommended by the UVic Law School, January 2003.
- Invited venture capital policy commentator: "Interim Provisions Governing the Establishment of Foreign-invested Venture Capital Enterprises," issued by the PRC Ministry of Foreign Trade and Economic Co-operation, the Ministry of Science and Technology and the State Administration for Industry and Commerce on 28 August 2001, and effective 1 September 2001.

**6. Actively participate in the Faculty's student activities and various forms of community outreach:**

- Member, BCom Improvement Committee, Fall 2003, meeting with BCom staff and students to help to generate continuous improvement in the BCom student experience.
- Continuing (since 1998) support of Professor Ralph Huenemann-led Dean's China Initiative by accepting a joint appointment at Peking University, Beijing, PRC in the new Department of Strategy and Public Policy at the Guanghua School of Management 2001 – 2004.
- Volunteer Teacher, LDS Institute of Religion, Victoria, BC: Fall 2002 to present.
- Invited presenter, Community Workshops on Business Development, sponsored by the Skeena Native Development Society: Hazelton, BC, (Gitksan-Wet'suwet'en First Nation) April 15 – 16, 2002, New Aiyansh BC, (Nisga'a First Nation) May 28 – 30, 2002.
- Designer and presenter of "The Effective Chair" a seminar presentation of the UVic Executive Education Institute to the Caucus of the British Columbia Liberal Party new committee chairs, September 12, 2001.
- Consulting designer and lecturer: University of Victoria International Executive MBA in Entrepreneurship, July 2001, and July 2002.
- Invited lecture: "Economics and Entrepreneurship," St. Michaels University School Economics 12, January 12, 2001, Ms. K. Davel, Instructor.
- Contributing author, First Nations On-Reserve Mortgage Sinking Fund Initiative, with Clifford Fregin, January 2001.

Several primary deliverables produced during the first three years of my holding the Chair, are more fully described and illustrated in the Winspear Chair Mid-Term Report, which follows.

Francis G. Winspear  
Chair in Public Policy and Business

## MID-TERM REPORT – JULY 2003

Ron K. Mitchell, Winspear Chair

### ***Past Initiatives – Specific Results:***

2000 – 01: Beijing VC Seminar

2001 – 02: Victoria Cognition Conference and ET&P Special Issue

2002 – 03: 1<sup>st</sup> Nations Think Tank and book: *Masters in Our Own House – The Path to Prosperity*

### ***The Future – Progress on several of 5 initiative possibilities:***

- ENT decision making: Entrepreneurship Research Lab research grant
- 1<sup>st</sup> Nations economic initiative: LLL project
- Greater China initiative: PKU collaborative research
- VAS 2004 initiative: Vancouver 2010 ENT support; committee formation
- Global economic literacy: Demonstration projects

### **2000 – 01: Initiative #1 – Beijing VC Seminar**



Seminar Participants

## Seminar Overview

The purpose of this seminar is to address the currently perceived need of the Venture Capital Industry in China. The Venture Capital Industry in China is built on the idea that science and technology are primary productive forces in the industrialization process. Venture Capital in the Peoples Republic of China has as its main purpose to raise transformation funds for science-technology development.

At the present time it is considered essential by China's leaders, that a venture capital system should be based on the rules of a market economy. Market mechanisms are being used to allocate the benefits of success, as well as to determine responsibilities of investors.

The Venture Capital Industry in China will continue to expand quickly over the coming years and assume a prominent role in promoting innovation, entrepreneurship, high-tech industrial development, and job creation. But according to policy direction, this will be done within a framework that recognizes western principles of venture capital while adhering to Chinese characteristics and realities.

For the Venture Capital Industry to expand and grow successfully:

- Systems need to be set up to make information transparent and risks known;
- Mechanisms that can attract international venture capital to develop China's high-technology sector must be identified and encouraged; and
- Institutions providing the intermediary support services of consultation, supervision, and assessment must be created.

(The intermediary support service institutions should be separate from the startup enterprises they support, and organized as legal corporate entities. Operationally they should provide credible and impartial advice.)

Why is such a seminar on increasing venture capital success needed? This Seminar provides each participant ideas and information to accomplish these objectives:

- To see how to create value and venture success through better venture capital assessment capabilities, which make information transparent, and risks known.
- To learn to quickly identify the mechanisms that must be present in market businesses to attract international venture capital.
- To explore how to use new and proven expert-assistance technology—the New Venture Template (NVT) method—to help create success and earn money from the creation of China's intermediary support services: consultation, assessment, and decision-making.

*(The NVT method technology is a web-based expert assistance computer program that simplifies the venture evaluation and decision-making. Certified venture evaluators who are trained in this method can efficiently assess venture prospects and provide information to dramatically increase venture success potential.)*

The eight sub-objectives of the seminar are:

1. To meet other leaders in the Venture Capital Industry
2. To learn how to save time and money in venture capital investing



3. To deepen participants' understanding of the keys to business success in China's market economy
4. To hear the latest ideas in global entrepreneurship
5. To have the opportunity to get an early look at the new standards for venture capital that are on the cutting edge in North America
6. To have the chance to use this seminar as credit toward international certification as a venture assessor
7. To gain www. access to the leading expert assistance technology for venture evaluation (Caution: for your own use only until you achieve certification)
8. To gain the capability to pick winners and detect losers in new market ventures.



Seminar in action: Dr. Kenneth Keng translating (left); Dr. Mitchell presenting (right)

## 2001 – 02: Initiative #2 – Victoria Cognition Conference and ET&P Special Issue

### Conference and Special Issue Overview

One of the objectives of the Francis G. Winspear Chair, is to facilitate and further internationally recognized research in the area of specialization of the chair holder, which in my case, is entrepreneurship. In this area, there has been an increasing focus on information processing and entrepreneurial cognition in recent entrepreneurship and general management literature. This focus has examined both problematic and positive aspects of entrepreneurial cognitions. For example, some of the problematic consequences of entrepreneurial cognitions occur in entrepreneurial environments characterized by information overload, high uncertainty or novelty, strong emotions, time pressure, and fatigue. These include: counterfactual thinking, affect infusion, self-serving bias, planning fallacy, and self justification; overconfidence or representativeness errors; and overconfidence, illusion of control, and misguided belief in the law of small numbers. Some of the positive consequences include the making of the venture creation decision using cognitive constructs such as expert scripts.

Accordingly, a call for papers and special invitations were issued to attend a conference designed to expand our understanding of the manner in which cognition is associated with entrepreneurship, entrepreneurial performance, and the creation of economic independence by individuals, and within firms, industries, and economies. To date, studies in entrepreneurship have not fully explored the possibilities offered by social cognition, managerial cognition, or expert information processing theory, nor have many of the articles in the research literature moved beyond theorizing into the operationalization of cognitive constructs.

Encouraged were both theoretical and empirical investigation; a focus on both the enabling and the disabling role that cognitions play in: (1) the creation of new transactions and transaction types, and (2) the bundling of transaction flows that results in firms, industries, and ultimately in the economy and society level impacts of entrepreneurship. Thus, work that utilizes multiple and cross-level analysis was especially sought after.

Papers were to hopefully examine the empirical avenues for cross-fertilization and synergy across a diverse range of theoretical perspectives, including but not limited to economic, entrepreneurship, ethics, information processing, managerial cognition, organizational economic, organizational learning, social cognition, and strategic management theories. We wish to invite a wide range of approaches to the study of this topic. Novel approaches to the study of entrepreneurs, entrepreneurial processes, and the creation of economic independence through the use of entrepreneurial cognitions were encouraged as well. Studies that utilize qualitative case histories and other ethnographic approaches to the study of entrepreneurial cognition were also considered to be appropriate and welcome. Essentially papers that would generate new avenues of thought, and particularly which have the potential to contribute significantly to further dialogue in the field most often resulted in the author(s) being invited to a special sponsored conference on entrepreneurial cognition to be held at the University of Victoria in the Summer of 2002, where they had the opportunity to present their work to some of the leaders in their fields.

#### **Some of the research questions addressed in this initiative included:**

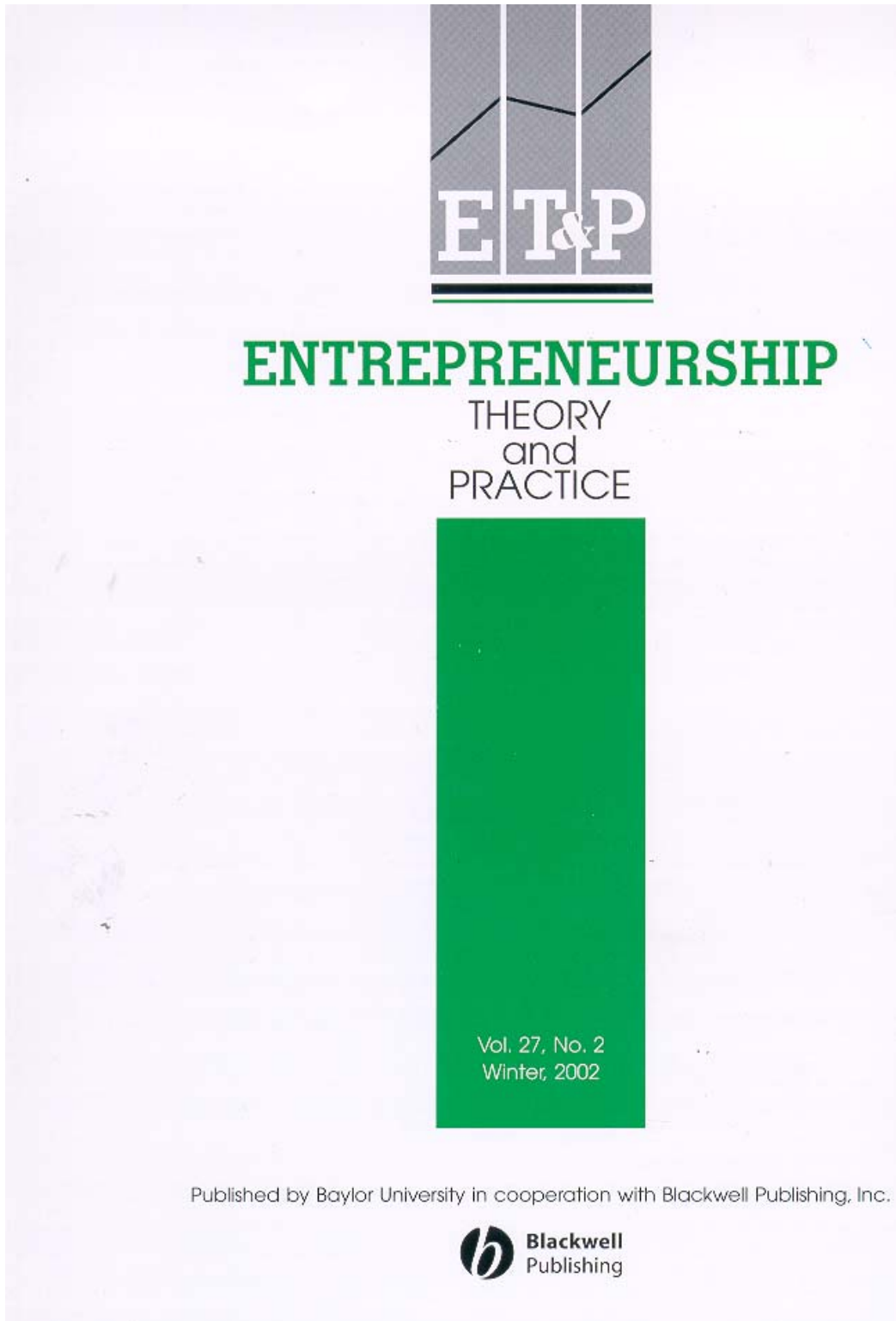
- Where do entrepreneurial cognitions originate? What are the drivers that effect changes or the evolution of entrepreneurial cognitive maps?
- What is the role of the environment in the shaping and utilization of entrepreneurial cognitions?

- How do entrepreneurial cognitions differ cross-culturally? What are the drivers of differences and similarities?
- What is the role of entrepreneurial cognitions, cognitive maps, expert scripts, or other information processing mental models in the utilization of market imperfections to create value, wealth, and/or economic independence?
- How can existing models that explain entrepreneurship or entrepreneurial performance benefit from the utilization of constructs from the cognition literature?
- How might existing work in economic, entrepreneurship, ethics, information processing, managerial and organizational cognition, organizational economic, organizational learning, social cognition, and strategic management theory contribute to the explanation of cognitive aspects of entrepreneurial phenomena?
- How has the use of certain types of theories or methodologies constrained or enhanced understanding of the processes of entrepreneurial cognition?

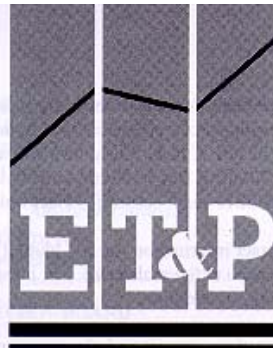


Conference Participants Enjoy Breakfast at UVic's Dunsmuir Lodge

Results of the Conference and Special Issue – Volume 1:



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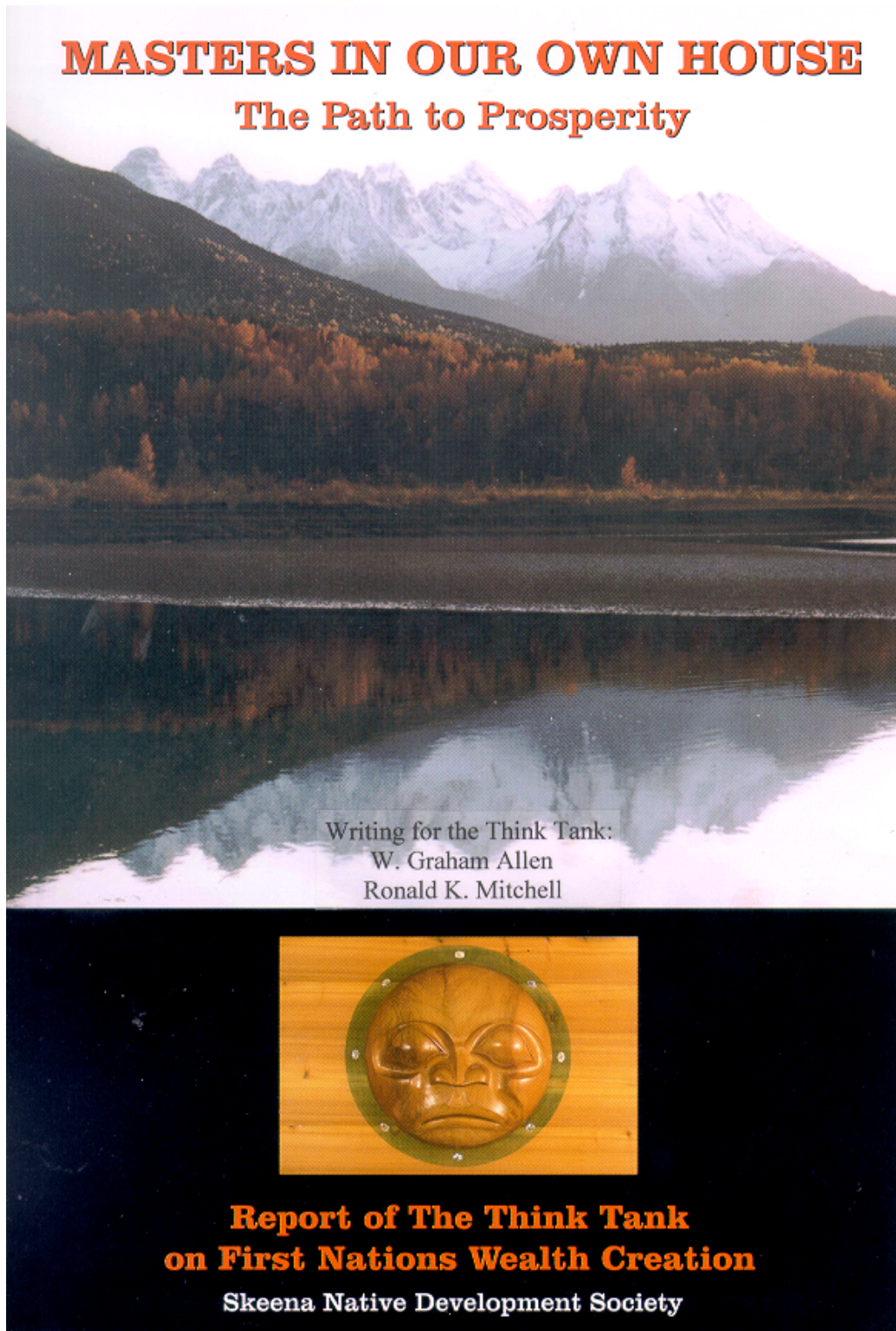
## ENTREPRENEURSHIP

THEORY and PRACTICE

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2002 – 03: Initiative #3 – 1<sup>st</sup> Nations Think Tank and book:  
*Masters in Our Own House – The Path to Prosperity*



## Native Initiative Overview

For the past three years, The Native Think Tank on Wealth Creation sponsored by the Skeena Native Development Society, met regularly to consider two questions:

1. How can Native Peoples in Northwest BC be masters in their own house?
2. How can economic dependency be eliminated?

I was invited to come together with a group of men and women motivated by a unifying curiosity: Why are Native communities economically impoverished, and how can these communities find and follow a pathway to prosperity and cultural well-being? To this end, we examined our experience and knowledge regarding on-reserve economies, particularly in the Northwestern region of British Columbia<sup>2</sup>. We then considered these experiences within a more global context, reviewing the work of authors such as Hernando de Soto (*The Mystery of Capital*), relevant research findings such as those at the University of Victoria<sup>3</sup> and the results of the Harvard Project on American Indian Economic Development produced by Cornell and Kalt. We were successful in our analysis, being now more able to discern and to integrate previously unconnected patterns and systems that are at the core of what ails Native economies and, more importantly, to discover and assemble new ideas for how to change what has gone before . . . to make it possible to achieve prosperity and cultural well-being.

The approach we have taken is illustrated in the diagram below (Figure 1). As our deliberations progressed, we worked right to left in the diagram: from the desired end point towards the necessary beginning point. Thus, to increase mastery in the Native House, and to decrease dependency, we first investigated the relationship between prosperity/ cultural well-being, and increases in the market system and entrepreneurship. This led next to our considering changes in the economic model that would produce entrepreneurial thinking, and also the needed changes in capital formation levels that come from viable property rights (moving from "dead capital" to "live capital" in de Soto's parlance). Finally, with these intermediate steps specified, we then addressed the key governance initiatives that would need to be adopted so that the on-reserve economic climate would be more favourable: to replace the present destructive institutions with constructive ones. Thus in this book, our report, we identify the necessary beginning point to be governance institutions, then property rights and entrepreneurial thinking, which will result, we believe, in increased economic mastery and decreased dependency.

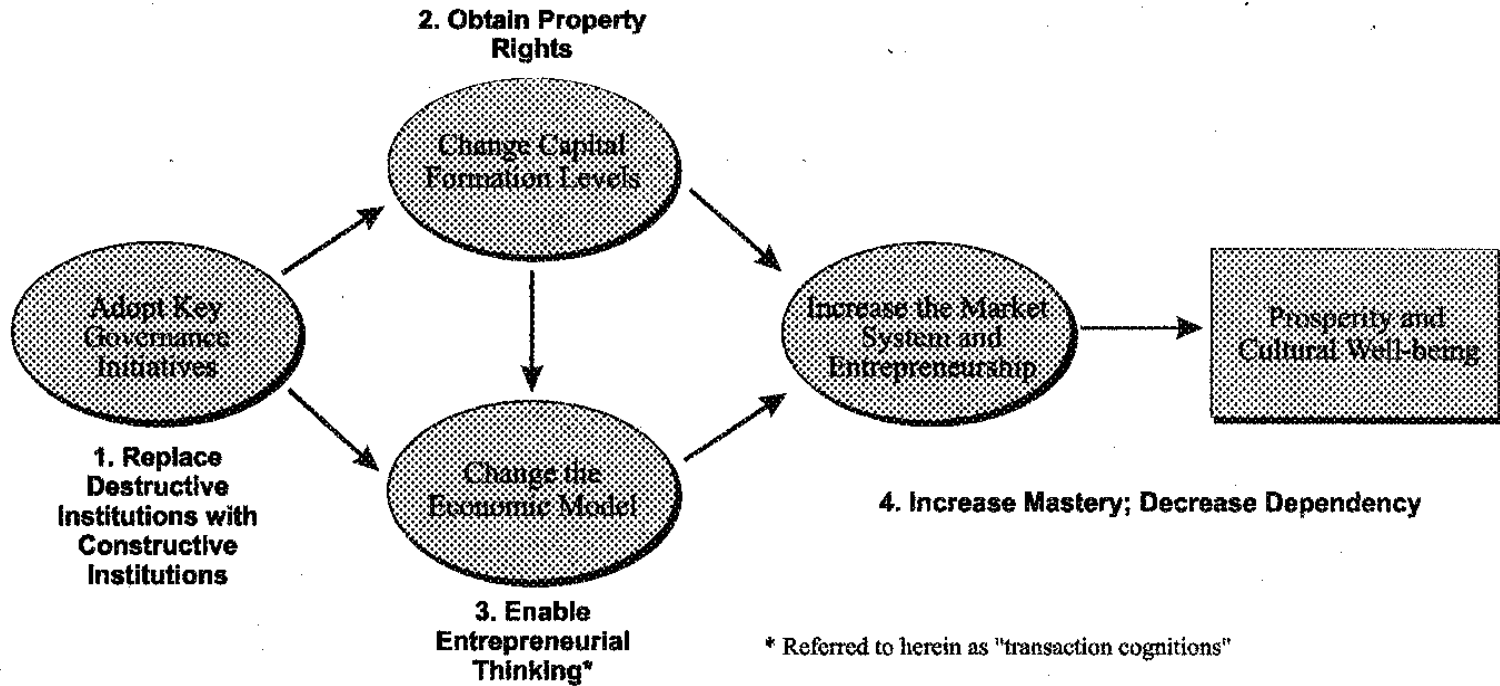
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<sup>2</sup> From this point forward, all references to Native Peoples, aboriginal peoples, First Nations, etc. should be assumed to apply to the Northwestern BC area unless otherwise noted; although it appears to be likely that some of our insights and conclusions will apply more generally.

<sup>3</sup> While published in 2002, the substance of this article was presented to the Think Tank early in the year 2000.

# **FIGURE 1**

## **The Think Tank Approach**





Helpfully, our conclusions about a beginning point (reached independently) have been recently validated in a study of 72 former colonies throughout the world, in which William Easterly of the Centre for Global Development, and Ross Levine of the University of Minnesota analyzed the relative importance for economic growth of various factors [24]. These researchers compared and contrasted geography, economic policy, and institutions (meaning political stability, property rights, legal systems, patterns of land tenure etc.) to identify which of these is the most critical factor. They concluded that the creation of good institutions is the predominant reason for economic success and, hence, that the first challenge for development economics is to get from bad to good institutions. This is precisely the conclusion that we have drawn in our own deliberations; and this has formed the foundation for the approach that we recommend. We explain the elements of our solution in this book, but we describe them first in this introductory paper, presented according to the approach shown in Figure 1.

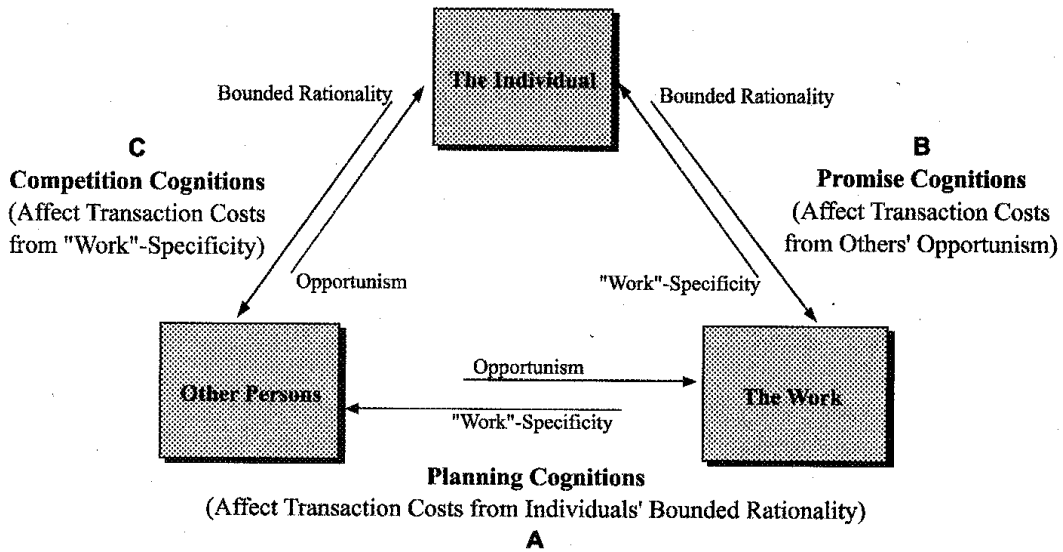
What do these “good institutions” look like? What institutional reforms are necessary? What model will move Native Peoples from the current state of economic dependency to prosperity? As has been chronicled in other economic successes globally, how can a market economy and entrepreneurship within the context of cultural well-being, be enabled? Through the Think Tank Process (Figure 1) we have identified the three essential cornerstone steps that form the foundations for this process:

1. The availability to Native Peoples of governance powers and jurisdiction that will enable the market system to function;
2. The ability of Native Peoples to control the use and development of their lands to enable capital formation;
3. The thorough understanding by Native Peoples and relevant stakeholders, of the economic model itself: the entrepreneurial thinking that needs to be enabled for effective entrepreneurship to flourish. (Note: Figure 3—included below—was developed within the Think Tank discussions to illustrate the cognitive complexity required of both native and nonnative entrepreneurs who attempt to transact on-reserve.)

A system that successfully embraces these cornerstones will, in our view, create the institutions, make available workable property rights, and enable the entrepreneurial thinking necessary to produce the prosperity and cultural well-being of Native Peoples that comes from mastery in the Native House.

**FIGURE 3**  
**Entrepreneurial Thinking Complexity**  
**Off- and On-reserve**

The Off-reserve Case



Based on Gardner (1993); Williamson (1985)

The On-reserve Case

