

# **Critical exposé of the relationship between local ownership and community sustainability**

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# General Guiding Questions:

- Is local ownership more conducive to community sustainability than absentee ownership?
- How does local ownership of a primary industry in rural communities foster community sustainability?

# DEFINING COMMUNITY SUSTAINABILITY

Community capacity – a community's ability to address their own problems and challenges and act on a basis of self awareness.

Resilience – a community's ability to maintain, renew, or reorganize social system functions and ecological functions.

Hypothesis: Greater local ownership leads to stronger community sustainability

# **Why is local ownership so great?**

## **Assumption widely held in the literature**



# More specific questions:

- How does the nature of local ownership interact with social consequences of local ownership?
- “Nature” refers to
  - Composition of local owners
  - Type of local ownership structure
  - Extent of local vs. external ownership in firm
  - Level of control, as separated from ownership

# **Lots of theory that says “local ownership has better social impacts than does absentee ownership”**

- G oldschmidt Hypothesis (G oldschmidt)
- D ependency theory (M arschak, D rushka)
- C ommon property resource management (O strom, Pinkerton)
- E cological modernization (S paargaren and Mol)
- I nstitutional change for sustainability (B ossel, C ernea)

# Theory on structure of local ownership

- Composition of ownerships, e.g., differences between public and private ownership (Hurley)
- Type of ownership, organizational forms (Beatty and Schachter)
- Extent of ownership (Woodworth, Meek et al)
- Control vs. ownership (Ribot and Peluso, Harley and Luckert)

# Six cases of local ownership





# Temiscaming & Sacre Coeur, Quebec

## Temiscaming (1974)

- Management buy-out of pulp and paper mill

## Sacré-Coeur (1985)

- Sawmill bought out by workers, harvesting workers and local investors



# Meadow Lake, Saskatchewan

- Aboriginal-owned forest products mill
- Bought out 60% ownership from other part-owners (1987)
- 100% owned by Meadow Lake Tribal Council (1998)





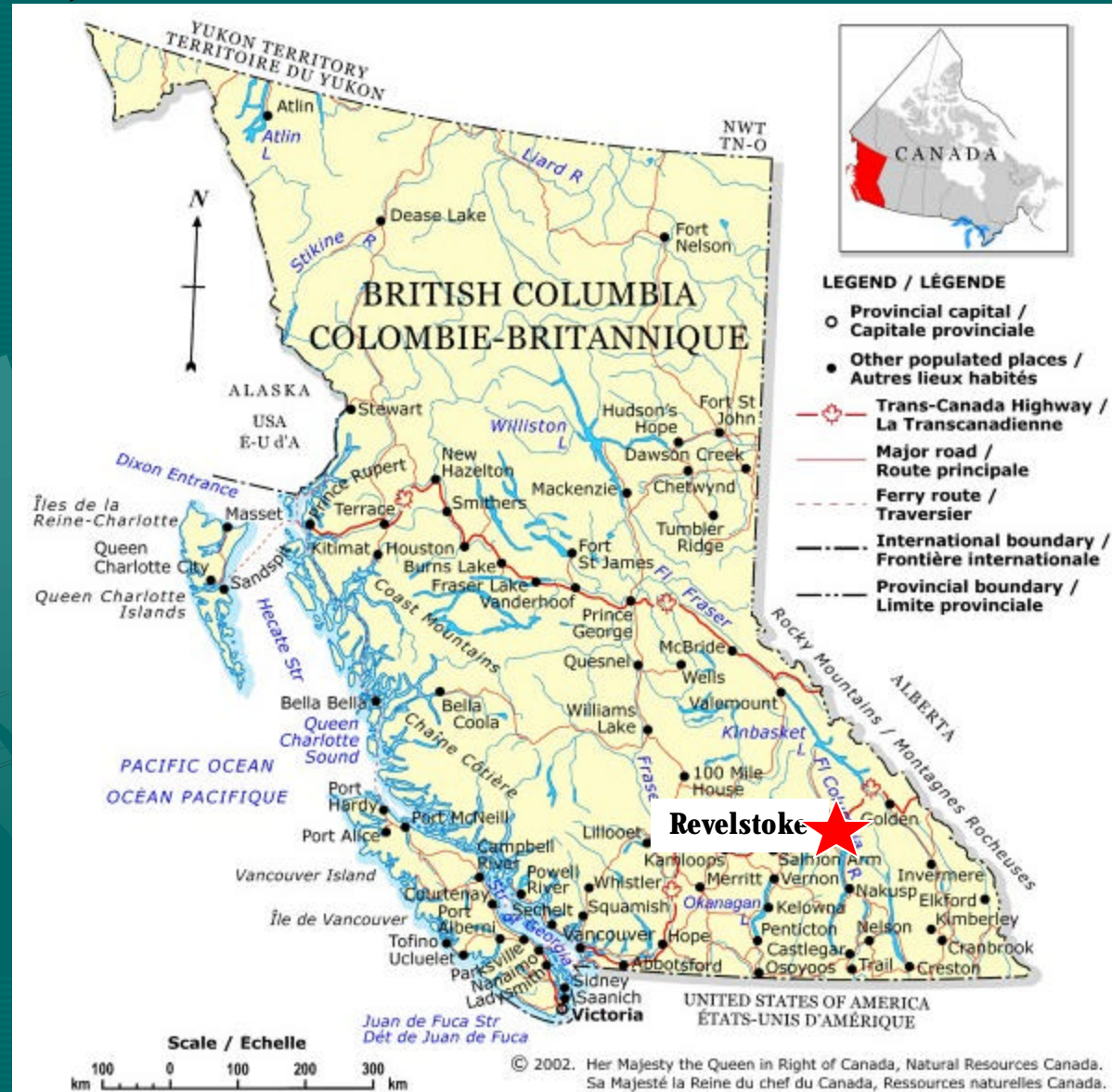
# Kapuskasings, Ontario



- Employee owned forest products mill (1991)
- Bought out their mill from a corporate owner
- Sold out again to a corporate owner in 1997

# Revelstoke, British Columbia

- Community held forest tenure and log yard (1991)
- Financed 50% by city, 50% by local industry
- 100% city owned
- Bought out tenure formerly held by corporation





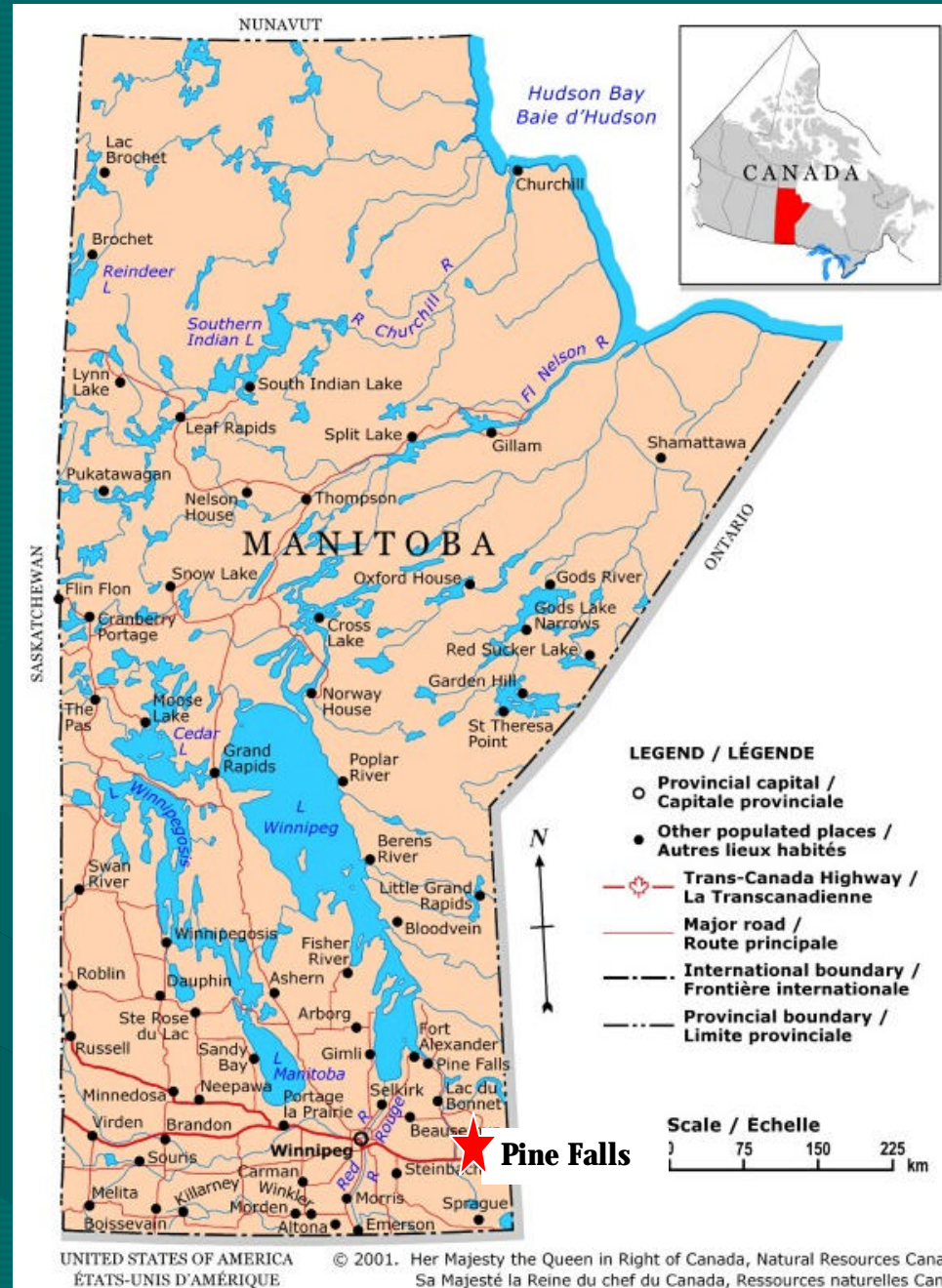


# Revelstoke



# Pine Falls, Manitoba

- Manager-employee owned forest products mill
- Bought out from corporate owner in 1994



# Findings

- *Composition of ownership* effects autonomy and flexibility of decision-making.
- *Type of local ownership* effects the level of involvement and commitment of local and extra-local groups.



# Findings continued...

- *Extent of local ownership* influences the decision-making power of local and extra-local groups.
- *Control vs. ownership.* Increased accountability to local interests, especially for broader forms of local ownership.



# Some concluding insights...

- **Community capacity** is increased in all the cases. The persistence of capacity depended on initial motive of buyout and inclusion of local people in decisions.
- Local ownership may or may not enhance **resilience**. Creative decision-making, local flexibility, and therefore local control, is limited.

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