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Managing Relational Legacies: Lessons from British Columbia, Canada

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Abstract: Issues related to company-community relations and the social license to operate have emerged as strategic business issues. This paper aims to contribute to the growing body of research on long-term company-community relations. An analysis of the relationship between Alcan (Aluminum of Canada, Montréal, Canada part of Rio Tinto since 2007) with the Cheslatta Carrier First Nation in the Kemano-Kitimat area of northern British Columbia, Canada, provides three contributions. The first is related to the notion of relational legacy, which refers to the sedimentation of unresolved issues that have the potential to impede the realization of corporate activities and the reproduction of low levels of social license to operate. The second concerns stakeholder management. While the literature suggests that stakeholders should be managed by companies according to the degree of salience, this analysis suggests that researchers and managers should consider the evolution of the environmental context in their analyses. Third, the analysis suggests that small or marginalized groups, depicted by the stakeholder management literature as dormant stakeholders, should not be underestimated.

Keywords: stakeholders; relational legacy; community engagement; community relations; controversy; social license to operate; social acceptance; local communities; sustainability; Aboriginal

1. Introduction

In recent years, issues related to company-community relations have emerged as major business and strategic issues, especially in extractive industries [1]. Many companies are regularly confronted with significant tensions with local communities, whether indigenous or not, in all stages of the exploration, exploitation, transformation and transportation of natural resources. Financial and non-financial costs related to these tensions have been demonstrated [2], and they can sometimes be so significant as to challenge the financial feasibility of large-scale projects. For instance, Goldman Sachs [3] found that the time required to complete projects has almost doubled during the last decade due, to a large extent, to the increase of “non-technical risks”, such as conflict, sabotage and so on [2], and risks related to stakeholder management accounted for the single largest category of risk [4]. Last, Ernst and Young’s identifies that at the global level, four of the ten most significant business risks concern relations with local communities [5].

Understanding the relationship between a company and its communities has become a strategic concern for businesses [6]. Today, the context of sustainable development requires companies to act as citizens, that is to say, they must assume both their rights and their responsibilities [7]. This requires significant and continuous efforts from businesses to acquire and maintain their social legitimacy; the erosion or loss of local legitimacy may lead to conflicts between companies and local communities and stakeholders, as well as severe disruption in operations. To acquire and maintain this social legitimacy, the benefits of a company’s presence within a given environment are usually put forth, whether they are economic benefits (jobs creation, financial compensation, *etc.*) or social benefits (the construction of hospitals, roads and schools, infrastructure, *etc.*). Community relations is crucial for organizations [8–10]. In the extractive industry, relations with local communities are even more critical for two main reasons. First, the fact that these activities may cause pollution and have hazardous effects on local communities from an environmental point of view grants a certain legitimacy to communities to ask for more accountability [1]. Second, exploitation of natural resources occurs, in many countries, including Canada and Australia, mostly in indigenous territories. Historically, these interactions were antagonistic, despite growing the demand from civil society for improved company practices [6,11,12]. That being said, Doohan [13] recently argued that company-community relations could markedly improve when companies give “careful consideration to specific cultural practices and processes associated with place and the social relations” as “these practices engender facilitates development of transforming practices that change outcomes” ([13], p. 228).

Issues and controversies surrounding the social acceptability of industrial and business projects have multiplied over the last decade throughout the world [14]. In management research, although Freeman argued the importance of local communities as strategic stakeholders [15], the concept of community remains under-conceptualized in the business and society literature [9,10,16]. This has been formulated as the Problem of Community [17]: “wanting ‘community’ to do some conceptual work, and wanting corporations to be held accountable for their actions vis-à-vis actual communities; but not specifying exactly who or what they are, so that we could know whether or not we are successful.” (p. 26). Moreover, Jenkins [18] argued that the identification of local communities by companies includes an element of judgment on the legitimacy or illegitimacy of such communities from the perspective of the company and according to its organizational goals. We therefore know that

social acceptability is a challenge [19], but few conceptual tools from management research allow us to conduct further research.

Research on company-community relations has responded to this emerging management and business challenge (for further reference, see the special issue of *The Journal of Business Ethics* on the social license to operate and a special issue of the *Community Development Journal* on company-community relations in the extractive sector (June 2013) [20]) and has tended to focus on two main areas. The first area has focused on the upstream/initial consultation stages and the proposed strategies and tactics to “get things right”. The second area of research has focused on mapping the forms of relations based on typologies and taxonomies [10,20] as well as on the form of community-company initiatives and joint institutions [21]. Two areas of research on company-community relations have received less attention. The first one concerns the evolution of long-term relations between companies and local communities. In all, we still have a limited understanding of the conditions for building and nurturing long-term relationships in all stages of the business cycle [22]. More specifically, we still have a limited understanding of the processes of construction, erosion and destruction and reconstruction of the social license to operate (SLO) over a long period of time. The second area concerns the management of community stakeholders. While research has informed companies to prioritize more salient stakeholders in their attention and interactions, little has been researched on dormant and marginalized stakeholders [23].

This paper contributes to the literature on company-community relations by documenting and theorizing the long-term evolution of the SLO and on the management of dormant stakeholders [22]. We aim to do so by empirically analyzing a process of loss and acquisition of the SLO in order to understand when different community engagement strategies are appropriate and how such strategies benefit firms and local communities. Based on the four-level model of the SLO developed by Boutilier and Thompson [24], we analyze community engagement practices at each level of company-community relations and show that unresolved issues sediment over time and lead to the formation of intractable problems and challenges that have the potential to disrupt or halt business activities and lead to the reproduction of a low level of SLO. We also map the definitions of the SLO and discuss its origins and challenges.

Our paper uses a case study of the controversial Alcan (Aluminum of Canada, Inc., Montréal, Canada)-owned Kemano Hydroelectric Project in northern British Columbia, Canada, between 1952 and 2012. In the post WW2 period, this hydropower, aluminum smelter complex was considered one of the most ambitious projects in North America. Between the 1950s and the 1990s, the project employed an average of 10,000 workers, allowed for the creation of two communities, known as Kitimat and Kemano, and contributed to about 4% of British Columbia’s GDP. All in all, the Kemano Hydroelectric Project is a regional economic powerhouse. However, despite these accomplishments and the project’s legitimacy as an economic operator, a second-phase expansion project was delayed for two decades from the early 1990s, due to a relational legacy of unsettled claims dating back from the 1940s and 1950s from a First Nations group, a stakeholder long considered dormant by the company. Our in-depth examination sheds light on the long-term processes of the construction and reconstruction of the SLO.

Our article is divided into six sections. The first section provides the definitions, origins and motives of the SLO. The second section proposes Thomson and Boutilier’s (2011) four-level model to

map forms of company-community relations and assess the level of the SLO based on specific indicators. The third section details our methodological approach. The fourth section presents a longitudinal case study on the relations between Alcan and its community-related stakeholders in northern British Columbia over five periods covering seven decades. The fifth section analyzes the case study to identify changes in Alcan's SLO. Finally, in the sixth section of this paper, we suggest that: (1) relational legacies have the potential to impede the realization of corporate objectives, as well as objectives of local stakeholders; and (2) small or marginalized groups, depicted by the stakeholder management literature as dormant stakeholders, should not be underestimated. Lastly, we also suggest that future researchers interested in stakeholder management should include changes in the legal and value-related contexts in their analysis. The careful examination of these slow variables, which impact the degree of salience of stakeholders, could contribute to enriching the SLO level framework, as it would bring relevant elements of context into the scope of analysis.

2. The Social License to Operate

2.1. Origins of the Social Licence to Operate

The SLO is most often associated with companies active in natural resources and extractive industries, including forestry, mining, petroleum, gas and minerals and hydropower, as well as transformation industries with high industrial risks, such as the chemical industry. The notion of SLO has emerged in the extractive industry because of several factors. The first relates to the limitations of companies' legal licenses. Common natural resources, such as water, minerals and oil, that are located underground belong to the nation-state—or to Aboriginal communities—and are common goods in numerous national contexts. National or state governments grant conditional licenses to companies to explore the potential of, exploit and transform these resources. These legal licenses are given by a government to a company in the name of “development.” Development in this context is most often defined as overall wealth creation, and governments legitimize the use and conditional appropriation of public natural resources by a private profit-motivated operator as a contribution to national or regional development defined in aggregate terms, such as gross national product. Through the Canadian Environmental Assessment Act, businesses must consult with Aboriginal groups in the review of projects and the government must ensure that Aboriginal rights and interests are respected.

However, it has often been observed that development as defined in aggregate terms may translate into very unequal terms locally, as benefits and costs/externalities may be unequally shared among groups in a country or a region, especially with more vulnerable groups, such as Aboriginal and rural populations, as well as women. For instance, a recent report published on abuse-free development by the non-governmental organization (NGO) Human Rights Watch documents the damage caused to vulnerable communities by international financial institution-financed programs. The report illustrates how these institutions neither recognized the human rights risks of the programs they financed nor addressed human rights-related issues [14]. Among the usual externalities are the impacts of the extraction on the environment from which certain communities derive their livelihood, the social impacts of the activity (e.g., displacements, massive in-migrations, *etc.*) and the permanent loss of non-renewable commodities [18]. Consequently, projects with a legal license to operate on a given

administrative level (national, regional or local) may be perceived as not legitimate by local stakeholders and/or communities, who may perceive that they do not get their share from a project or may feel that their concerns are not taken into consideration by the company operating the project.

The second factor relates to the inherently capital-intensive and long-term structure of investments in the extractive industries; the return on these investments is conditional to the ongoing access to resources and operations in a location and its surrounding area. As such, these investments are in a situation of a spatial lock-in [25] in a given area for several years or decades, due to the fixed location of the resources that are vital for its operations, as compared to companies in less tangible industries, such as the service industry, which may transfer their activities to another region or country. The geographical “embeddedness” of these projects leads companies to build and maintain sustainable relations with local communities and stakeholders, which is in their own interest [9].

To address these challenges, companies, industrial associations and international financial institutions have designed standards and norms to assist managers in their decisions regarding relations with local communities and to help them decide what it means “to do the right thing” locally. For example, the hydropower industry has three global sets of norms: the World Council on Dams (WCD) [26], the International Hydro Association (IHA) [27] and the International Financial Corporation (IFC) [28,29]. These have contributed to setting the boundaries between what is unacceptable and what is acceptable. At the same time, these sets of norms remain unclear regarding more specific definitions for central notions, such as free informed consent of a community prior to the construction of a dam. These international standards, which are related to the SLO, are necessary benchmarks, but have their limitations. The social license, therefore, refers to less tangible elements that make the operations of a company acceptable or legitimate in an area to local communities and stakeholders.

Three important messages emerge from this trend. First, the legal licenses to operate delivered by authorities represent a necessary, but insufficient, condition for a company to operate locally; a number of business activities are now conditional on their social acceptance by local communities. Second, the expectations of local communities have changed. The simple promise of economic benefits, such as job creation and tax payments, are no longer sufficient for communities; communities and local stakeholders have demands that range from accountability with regard to the environment and involvement in the local economic benefits of the project, along with consultation and consent [30]. Third, companies need to create favourable conditions for sustainable relations based on reciprocity and accountability with the local communities in which they operate.

2.2. Motives, Conditions and Components of the Social License to Operate

Social acceptability, also known as the SLO, is defined as the perceptions of local stakeholders that a project, company or industry that operates in a given area or region is socially acceptable or legitimate [24]. As such, from the perspective of a company, an SLO is often evaluated as an intangible asset. Two elements related to the notion of the SLO need to be mentioned. First, there is no commonly agreed upon definition of SLO [31], as this notion is recent and has emerged only since the turn of the millennium. Second, most definitions have been generated by practitioners and policymakers, including consultants, international financial institutions, investment companies, policy think tanks and company executives [22]. By contrast, definitional and theoretical developments from

academic researchers remain scarce. Further, it is still unclear when different community relations strategies are appropriate for obtaining the SLO and how such strategies might benefit firms and local communities.

The level of an SLO of a company is inversely related to the level of local socio-political risk a company faces [24]. A lower SLO indicates a higher risk. This implies that the project is in danger of restricted access to essential resources (e.g., financing, legal licenses, raw material, labour, markets and public infrastructure). Losing a social license represents extremely high socio-political and business risk. The motives for companies to engage in activities related to the construction and nurturing of the social license concern the reduction of direct and indirect business risks or the protection of the value for the company. Two forms of value have been identified [32]. On the one hand, direct value creation concerns the direct cost benefit of investments in building an SLO. Value is directly created from input savings or from productivity increases. This direct value can be readily calculated from an initiative, such as local workforce training, which enables the substitution of expensive expatriates with local hires. On the other hand, indirect value protection concerns the indirect risk mitigation potential of investments related to the construction of the social license. It includes, among others, the value of avoiding increased capital expenditure due to delays, disruptions and lawsuits. Such value is intangible and not easily calculated, as, most of the time, one realizes the existence of such an invisible, tacit or implicit value only when problems actually arise.

Components of the SLO include social legitimacy, credibility and trust [22]. Social legitimacy comes from the company's respect for established norms of the community, which may be legal, social and cultural or formal and informal in nature. In practice, social legitimacy comes from engagement and information sharing with the community. Credibility is created by consistently providing true and clear information and by respecting commitments made to the community. Credibility is best established through written agreements in which the rules, roles and responsibilities of the company and the community are negotiated, defined and consolidated. Such a framework also helps to manage expectations (such as participation agreements). Trust is the willingness to be vulnerable to the actions of another. This type of high quality relationship is an investment *per se*, which requires both time and a deliberate effort.

An SLO is gained under three conditions [8,24,33]: (1) when community engagement is established from the very early stages of a project, so that a community feels in control over decision making, and the community shares the implementation of the project and benefits from the company's presence; (2) partnerships are created so that a company shares risk with other stakeholders; and (3) benefits are redistributed via economic direct benefits, the reinforcement of local capacity, including engagement with NGOs and other experts, access to training and education of the local population and participation in the local supply chain and efforts toward economic diversification.

3. A Four Level Pyramid Model of Social License to Operate

We build here on Thomson and Boutilier's [24] four-level "pyramid" model of the SLO from low-level/non-acceptable to high-level acceptance. These levels are presented below and summarized in Table 1:

- (1). Low/borderline Legitimate: indicators for this low level of social license are shutdowns, sabotages, boycotts, blockades, violence and legal challenges.
- (2). Acceptance/tolerance level: Local communities accept the presence and operations of a company. Indicators of this “borderline” acceptance are the presence of lingering issues and threats, the presence of outside non-governmental organizations and watchful monitoring. In this level, the company is under intense scrutiny.
- (3). A support/approval level: The company is seen as a good neighbour, and local communities take pride in collaborative achievements with the company.
- (4). Co-ownership: The company receives political support from the local community, and projects related to local development are co-managed by the company and community groups (the notion of reciprocity) in the form of roundtables, institutions and agreements. Local communities may receive shares in the company in this last level (economic co-ownership). In this last level, local communities would unite alongside the company against critics and co-design solutions for the success of the investment.

Table 1. Levels of social license to operate in the relations between Alcan (Aluminum of Canada, Inc.) and the Cheslatta Carrier First Nation. SLO, social license to operate.

Periods	Relational strategies		SLO level
	Alcan	Cheslatta	
Period 1: Prospection and feasibility studies (1940–1951)	As no consultation was conducted by Alcan, the company had no relations with local communities at this point. In fact, the government had done the consultations back then. The Cheslatta were minority stakeholders directly affected and compensated according to the legislation then.		Withheld
Period 2: Launch of the construction and controversy (1952–1955)	-No consultations -Flooding without notice -Poorly managed resettlements and compensation	-Reactive attitude -Weak institutional power -Confusion and attempt of negotiation in 1952–1955	Withheld
Period 3: Local economic diversification and cohabitation (1956–1978)	-No engagement process -For Alcan, the Cheslatta represent dormant stakeholders with little/no legitimacy	-Reactive attitude -Too institutionally weak to dispute -Adaptation to their new situation	Withheld
Period 4: Kemano Completion Project and new controversy (1979–1998)	-Legal procedures against the B.C. government -Imposition of the project -No consultations -Limited transparency and willingness to cooperate	-Proactive attitude -Stakeholder mobilization -Legal procedures at the provincial level -Internationalization of the conflict with environmental groups	Withheld
Period 5: Reconstructing relations: learning to coexist (1999–2012)	-Efforts toward the construction of sustainable relations, including economic and cooperation initiatives and increased transparency, accountability and willingness (Partnership and Mutual Respect Agreement in 2000 and land transfer in 2012)		Acceptance and tolerance

Note that these four levels are not sequential. These relations may shift from one level to another under a series of contextual or internal factors. The change in behavior of the company is one factor among others that may lead to the improvement or the deterioration of the level of relations; in no way does the behavior of the company translate into an immediate change of the level of relationship. An SLO is never fully gained and represents a constant process of learning in which the ability to have a dialogue with and respect for the other party is a key condition [24,34]. Managers need to adapt their approach to the local communities in which they operate, as well as in the specific moment of the lifecycle of the project, whether it be the pre-feasibility and feasibility studies, construction, operation, reinvestment/renewal of a legal license or retrenchment and/or closure. While much literature focuses on the earlier stage of gaining the license to operate [2,5,31,33], more could be done to understand these processes over the long term, as few studies explore these processes over the long term. One limitation of this model is related to the fact that it is based on indicators and does not associate any concrete practice to each of these four levels. Thereby, we aim to identify approaches and practices according to the various levels of the process suggested previously.

4. Methods

4.1. Research Design

This paper uses a qualitative case study methodology, which has been demonstrated to be useful for researchers that seek to study phenomena within their contexts [35]. The Kemano Hydroelectric case study was selected, because it offers several unique criteria on which to build an analysis: (1) The Kemano Hydroelectric Project is one of Canada's most ambitious projects undertaken in the 20th century; (2) several stakeholders with different interests were involved in the project; and (3) the case illustrates the challenges of community relations and the process of the construction of the SLO.

4.2. Data Collection

This study involved analyzing various types of secondary data sources, including written materials such as books, case studies, articles, theses, annual reports and newspapers. Internet searches and website analyses were also used to identify stakeholders and events surrounding the Kemano Project and controversy. The Internet data cover a seventy-two year period from 1940–2007. The documentation of the Kemano Project happened in a structured way, and the following keywords and variants were used: “Kemano”, “Kemano Project”, “Kemano dam”, “Kemano Hydroelectric Project” and “Kemano controversy”. Search by keywords focused on the term “Kemano”, since it is the name of the hydroelectric project at the source of the conflict, instead of the town “Kitimat”, where the aluminum plant was constructed. In some cases, relevant websites were accessed directly, including Alcan's annual reports. In total, over a hundred papers were analyzed to triangulate data and validate them.

4.3. Case Study: Alcan's Kemano Complex in Northern British Columbia, Canada

Before the development of Alcan, the presence of non-natives in the region was sparse, consisting essentially of the First Nations, who moved into the region during the 1900s [36]. Thousands of years before the arrival of Alcan in the region, the Valley of Kitimat was inhabited by the people of the

Haisla Nation, an Aboriginal Kwakiutl Group. Thereafter, members of the Aboriginal community Haisla moved to the Kitimat Valley, and during the 1950s, around 200 Haisla were living in that valley in a traditional way: hunting, gathering, fishing and berry picking. As of today, there are about 1,500 Haisla people in that region (see Figure A1) who are represented by the Haisla Nation Council, an authority that is elected every two years to represent Haisla members and to act on their behalf [37]. Furthermore, another main Indigenous group in the region is the Cheslatta First Nation. Arriving in the area of Ootsa Lake by the middle of the 18th century, the Cheslatta today live in the area of Cheslatta Lake, near the Kenney Dam (see Figure A1). The Cheslatta Carrier Nation is governed by a chief and two councillors who represent their approximately 290 members [36].

At that time, several stakeholders were engaged in the region. We have classified them into two categories according to their different interests: the “Northwest” and the “Watershed area.” (See Figure A1). The “Northwest” area includes the Haisla First Nation, the District of Kitimat and the City of Terrace, while the “Watershed area” refers to the Cheslatta Carrier Nation and other Indigenous minority groups living in the watershed area. These are: Skin Tyee First Nation, Nee Tahi Buhn First Nation, Wetsu’wet’en First Nation, Wet’suwet’en First Nation, Nadleh Whut’en First Nation, Stellat’en First Nation, Carrier Sekani Tribal, Saikuz First Nation, Ulkatcho First Nation, L’heidli Teneh Indian Band and the Burns Lake Indian Band.

Our case study focuses on the relationship between Alcan and the Cheslatta Carrier Nation, since it is with this group that the conflict has been the most intense. However, we also present the Haisla, their interests and their relationship with Alcan.

4.4. Data Analysis

To analyze our qualitative data, we followed Miles and Huberman’s stages [38]: coding, sorting and integration. First, we identified and transcribed all the relevant facts and data. In the second step, we organized the data according to a temporal bracketing strategy [39]. The third step involved making sense of the collected and sorted data. Throughout the data analysis process, we used grounded theory procedures [40] to develop a detailed understanding of the process. For instance, data matrices and displays were used to capture the complexity of the qualitative data.

5. Case Study: Alcan in Northern British Columbia

This section presents the development of relations between Alcan and the Cheslatta Carrier Nation during seven decades. We distinguished five periods in the evolution of these relations, distinguished by the nature of the relationship between Alcan and the Cheslatta Carrier Nation.

5.1. Period 1: Prospection and Feasibility Studies (1940–1951)

In the 1940s, the B.C. government decided to develop the lowly populated and resource-rich northern region along with Alcan as a key investor. Alcan was interested in secure access to cheap and abundant hydro power to develop the power and aluminum production in high demand in the post-war reconstruction. The Kemano-Kitimat Project was considered one of Canada’s most ambitious projects of the 20th century and was the largest private investment in Canada at the time, at \$500 million USD,

the equivalent of \$3.5 billion USD today. The project included: (1) the construction and creation of the Nechako reservoir in the hinterland of the province; (2) the construction of the Kenney Dam; (3) the construction of a 10-mile tunnel under the rock of Mt. Dubois; (4) a hydroelectric generating station under Mt. Dubose; (5) a 270,000 tonnes per year capacity aluminum smelter; (6) a deep-water port; (7) a highway; (8) a complete town site designed for a population of 50,000 (Kitimat); and (9) a 896 megawatts hydropower plant (Kemano) located about 50 miles south of the Kitimat. An 82 kilometre power transmission line connecting Kemano to the Kitimat aluminum smelter [41]. In all, the area affected by the project was estimated at 70,000 km².

Two areas were affected by the project (see Figure A1). The first area is located near Kitimat and Terrace. In this area, Alcan built a powerhouse, a transmission line to the smelter and a tunnel. Major infrastructure changes were made to this area without any real upheaval of the ecosystem. The second area is located approximately 150 km from the first and was much more ecologically affected by the project. In this area, Alcan constructed the Nechako reservoir and the Kenney Dam, causing extensive environmental damage, flooding 880 km² of the Nechako Reservoir within Cheslatta territory and removing approximately 75% of the flow of the Nechako River, which was an important salmon and fish river. Since 1956, the Cheslatta River has been used as a spillway channel to allow the release of water in the Nechako River.

The Industrial Development Act of 1949, subsequent to Alcan's investment, provided Alcan with a tax exemption, considerable autonomy and control of a large land and water area and much of its resource wealth, including agricultural and park lands, forests, water and fish. This agreement gave Alcan the right to use all the water required for production. The Act also stated that by 31 December 1999, the water usage would be given to Alcan in perpetuity. Following this mutual agreement, Alcan started construction of the hydroelectric project in 1950 [42].

5.2. Period 2: Launch of the Construction and Controversy (1952–1955)

Kitimat emerged thanks to the start-up of the aluminum industry in 1954 and the world trade associated with it [41]. Alcan employed approximately 35,000 workers throughout the construction phase between 1950 and 1955 [41], in addition to 4,500 people who worked on the construction of the hydroelectric facilities [36]. All these workers came from southern British Columbia and other parts of Canada. Two cities were created, Kitimat and Kemano. Kitimat was founded in 1952, thanks to the expanding export-driven aluminum industry. Kitimat's population grew rapidly to approximately 10,000 people at the beginning of the project in 1952.

The construction phase in 1952 flooded 490 km² of the Nechako Reservoir located within the Cheslatta territory. In addition, the flow of the Nechako River was reduced by 75%, which has caused an increase in water temperature and an ongoing problem for the salmon run since then [36]. There was a striking contrast between relocation conditions between the First Nations and non-native settlers in the 1950s. The 79 Caucasian families from Ootsa Lake region received one year's notice and a total of \$2.3 million in compensation for the loss of their properties after a year's negotiation [36]. In contrast, the Cheslatta did not participate in such a consultation process.

On April 3, 1952, a Federal Indian Agent arrived on Cheslatta territory to tell them they must leave their village immediately as the water would be rising in two days [36]. The Cheslatta were

shocked, and they voiced objections. However, they were institutionally weakened by the recent death of their chief, who they had not yet replaced. The Federal Indian Agent used the Indian Act to appoint a chief who would represent the Cheslatta Carrier Nation [36] and asked the Cheslatta people to sign the surrendering documents. The Cheslatta agreed to sign the documents in return for new land and buildings before they moved, which the Department of Indian Affairs claimed to be unreasonable [36]. The Cheslatta then declined to sign the documents and were threatened by the dispatch of the police to evict them [36]. Confused and afflicted, 350 Cheslatta people (around 75 families) decided to leave behind their homes, farming tools and trapping equipment on 21 April 1952. The Cheslatta territory and trap lines were destroyed [36].

The Cheslatta claim they were never told that they could decline to surrender their lands, nor that they had the right to contact a lawyer [36]. They were relocated with a compensation of \$50 per adult by the Department of Indian Affairs in 1952, on dispersed parcels of land in the grassy plains located some hundred kilometres away. This relocation procedure was conducted in accordance with British Columbia's then compensation legislation for members of the First Nations. As soon as the Cheslatta left their lands, their homes, barns and buildings were bulldozed and burned to prevent the people from returning [36]. Lawyer Richard Byl stated in 1987: "The position and the lot of the Cheslatta People in this period of time can only be described as absolutely terrible, and I am sorry to say that it will stand out as a blight and as a shame on the conscience of this province and this country for a long time." ([36], p. 91)

5.3. Period 3: Economic Diversification and Cohabitation (1956–1978)

Between 1966 and 1968, the British Columbia Ministry of Forests decided to attract pulp and paper investments with new forest policies. Alcan's project in the area was followed by the establishment of Eurocan Pulp and Paper in 1968 and Methanex in 1982, which was the world's largest producer and marketer of methanol at the time. Eurocan Pulp & Paper construction started in 1968 and ended in 1970. The company produced "high quality unbleached linerboard and sackkraft paper for sale worldwide" [41]. Non-native settlers and the First Nations living in the northwest (close to Kitimat and Terrace) benefited from this economic diversification, as approximately 100 jobs were created. However, the thirteen First Nations groups living close to the watershed, including the Cheslatta, did not benefit from this diversification.

At that time, several stakeholders were engaged in the region. We have classified them into two categories according to their different interests: the "Northwest" and the "Watershed area." (See Figure A1). The Northwest inhabitants, as they were closer to the plant, mainly claim economic benefits. The First Nations living in the watershed area are not really concerned about economic benefits, because they live too far away to profit from the plant. Therefore, their interests are protecting their environment and rendering justice for what they have experienced in the past.

5.3.1. Northwest Area: District of Kitimat, Haisla First Nation and City of Terrace

The District of Kitimat, the Haisla First Nation and the City of Terrace are interested in economic benefits, as they were located near the plant. In fact, the District of Kitimat claimed more jobs and launched many lawsuits against Alcan (the power sale controversy). In the city of Terrace, the claims

are similar to Kitimat's, since many employees at the time lived in Terrace and the city is dependent on Alcan's presence in the region. The Haisla First Nation claimed further economic benefits.

5.3.2. Watershed Area: Thirteen Groups of First Nations

The Cheslatta Carrier Nation and the twelve other First Nations living in the watershed area were not really concerned with the economic benefits created by the company, as they lived too far away to access employment or business opportunities from the Kitimat smelter. Their claims focused on protecting the environment, getting back the rights to their lands and healing past hurts.

5.4. *Period 4: Kemano Completion Project and New Controversy (1979–1998)*

In the watershed area, relationships with stakeholders were unstable. The Indigenous communities of the watershed area disliked Alcan for its part in the flooding of their lands and their subsequent forced relocation. Environmentalists from this area were constantly monitoring Alcan activities, while regional and municipal governments were finding ways to work with the company to assist with economic ventures and community investment. The fragile relations, however, deteriorated when Alcan announced a new project before previous issues had been resolved.

In 1979, Alcan announced its intentions to launch the Kemano II (or the KCP), which included the upgrading of the Kenney Dam located on the surrendered Cheslatta lands and the construction of a second hydroelectric reservoir that would double the generating capacity to 1700 megawatts. This involved using more water from the Nechako River and further reducing its flow. In 1984, the Cheslatta submitted a claim to the Government of Canada to claim compensation for their lands that were flooded by the Kenney Dam in 1952, but the Cheslatta Carrier Nation say they have never had a satisfactory response. After signing a Settlement Agreement in 1987 with the B.C. government, Alcan was allowed to proceed with Kemano II. In 1990, the KCP "became the first project in the Canadian history to be granted an exemption from a federal environmental review process" [43]. Alcan began the construction of the KCP in 1988, while opposition was increasing among residents of the Nechako Valley, led by the Carrier Sekani Tribal Council, the Rivers Defense Coalition and the Cheslatta Carrier Nation [43]. As of 1995, Alcan had invested \$535 million and 40% of the project was completed.

In 1995, the B.C. government cancelled the project for several reasons, but largely in part to the efforts of opponents in the watershed area (primarily the Cheslatta Carrier Nation and environmentalists) [36]. First, the provincial political landscape had changed. In 1990, the New Democratic Party (NDP) defeated the long-standing Social Credit Party, which had been favourable toward Alcan's activities with limited concerns for Aboriginal claims. After its election, the newly elected NDP developed several initiatives to promote the socioeconomic development of Aboriginal communities. For example, it established the Forest Renewal of British Columbia, a Crown corporation, in 1994 to promote watershed restoration, community-based forest research and innovative management practices. Second, between 1979 and 1998, the First Nations had managed to mobilize several provincial environmental NGOs and provincial politicians to oppose the KCP [36]. Their argument was that the B.C. government's exemption of the KCP from completing an environmental review was illegal; this exemption had outraged the local community (farmers, trappers,

municipalities, the First Nations and the local population in general) [43]. This mobilization attracted major media attention and environmental groups, such as the Sierra Club and Greenpeace, to the Kitimat and Kemano area at the end of the turn of the 1990s.

After the cancellation of the KCP, under legal threats from Alcan, the B.C. government signed a settlement agreement in 1997 with Alcan [44], which gave Alcan water rights in perpetuity on the Nechako River. Its purpose was to ensure that the water resources of the Nechako River were managed for the conservation and protection of fish, while Alcan would continue to generate hydroelectric power. The First Nations in the watershed area perceived this agreement as the re-launch of the KCP, further infuriating them. This time, better organized, aware of their rights and supported by other groups (environmentalists, the First Nations, municipalities, commercial fishermen and wildlife organizations), the Cheslatta Carrier Nation went to the Supreme Court of British Columbia in Prince George in December 1998, to challenge all agreements and licenses granted to Alcan and to seek an injunction ordering Alcan to repair the damage it had done to the Cheslatta lands [43]; their Chief, Marvin Charlie, explained:

“Alcan is not obligated to spend a penny in the rehabilitation of the Nechako or the Cheslatta system. If Canada and B.C. is not committed, then Alcan is home free. [...] We have run out of options. The only way to get Alcan Canada and B.C. to account for their actions is through the justice system. We were not consulted in the 1950s (Kemano I), we were not consulted in 1987 (Kemano II) and we weren't consulted in 1997, which we now call Kemano III. Nobody was consulted—the farmers, the trappers, the municipalities, the commercial fishermen—nobody! Now we are expected to live with this forever—I don't think so!” [43].

During this period, the relationship between Alcan, the B.C. government and the Cheslatta Carrier Nation had reached its lowest level. Cooperation between stakeholders showed no progress; the dialogue was stuck, and any development in the region was compromised. Alcan felt that the B.C. government had not fulfilled its commitments with the cancellation of the KCP. For its part, the newly elected government was unwilling to risk pursuing a controversial project. That said, when Alcan initiated legal proceedings against B.C., the province quickly saw the threat and decided to negotiate a new license with Alcan, which the Cheslatta quickly criticized. The Cheslatta also decided to enter the legal arena, which put all actors in danger of losing or winning lawsuits. This deadlock, which was unsuitable to all actors, favoured the start of a process of relationship reconstruction, which characterizes the new period.

5.5. Period 5: Reconstructing Relations: Learning to Coexist (1999–2012)

Alcan did learn lessons from the KCP cancellation and promoted the creation of two regional offices in the watershed area and the assignment of two company representatives to work with stakeholders and, mainly, with the Cheslatta Carrier Nation. During the 1999–2012 period, Alcan undertook several measures of engagement with its various stakeholders. The best example of this is perhaps Alcan's ongoing support of the Nechako Watershed Council, which has enabled the Cheslatta Carrier Nation and other communities to work together with the company in evaluating and responding to impacts from the operation.

Since the controversies that led to the cancellation of the Kemano Completion Project, Alcan has implemented a new policy of engagement based on mutual respect, transparency, accountability and

dialogue. For instance, in 1999, Alcan contributed in the creation of the Nechako-Kitimat Development Fund (1999), which is a fund of C\$15 million that Alcan and the B.C. government each contributed up to C\$7.5 million to encourage sustainable economic development in the Nechako watershed area and on lands traditionally used by the Haisla. Furthermore, in 2000, Alcan and the Cheslatta Carrier Nation signed a Partnership and Mutual Respect Agreement. Since then, there have been economic development programs with the Cheslatta (such as the Three Nations Forest Stewardship Program). Moreover, in 2005, Alcan expanded its communication and transparency efforts to continually inform its operating communities (throughout British Columbia and especially in Kitimat) on the state of its operations. An illustration of this is the published document “Future Must Be Built on Facts” (2005) in which Alcan presented facts about its operations to demonstrate transparency and the will to move forward.

The benefits of Alcan’s presence in the region cannot be denied: in 2002, Alcan employed 1625 people, (32% of the Kitimat region’s employment) and contributed C\$256 million to British Columbia’s economy. On the local level, Alcan played a very active role in the development of Kitimat’s infrastructures and services, such as schools and hospitals [42]. In 2007, the total direct economic contribution of Rio Tinto Alcan’s (Alcan was purchased by Rio Tinto for C\$38 billion in 2007, becoming Rio Tinto Alcan in 2008) (RTA) operations within British Columbia was evaluated at C\$289 million annually.

RTA’s relations with the Cheslatta Carrier Nation reached a new milestone on 30 January 2012, when the company announced the transfer of sixty-three district lots totalling just over 11,000 acres of land to the Cheslatta. On this matter, Jean Simon, President and Chief Executive Officer at RTA, said: “This important event is the culmination of over ten years of discussions between us and the community to return these traditional lands to the Cheslatta Carrier Nation. Today is an important milestone and represents how we can move forward cooperatively” [45]. Within the same vein, Paul Henning, Vice-President of Strategic Projects for RTA, stated: “I am proud of the respectful and effective relationship that we have developed with the Cheslatta Carrier Nation. I am also proud that both parties demonstrated great patience, support and commitment to this process that allows us to recognize the past while opening a new door to a brighter future.” [45].

The Cheslatta recognized the efforts carried out by RTA for the improvement of their relations. On this matter, Cheslatta Chief, Richard Peters, concluded: “*Today we get back what we lost 60 years ago. Land is the backbone of any community, and this land is truly the foundation for our future. We are most grateful for the hard work and dedication of former Cheslatta leaders, and we also thank Alcan for being a modern and progressive corporation that understands the significance of the land to the Cheslatta people. We are fully committed to continue working together.*” [45].

6. Research Results

The previous empirical section presented the five periods of the relations between Alcan and the Cheslatta Carrier Nation over seven decades. This section analyzes each of these periods based on the SLO analytical framework. Table 1 summarizes our findings.

During the first period of the project (1940–1951), the Cheslatta Carrier Nation was kept out of all the exploration and planning; no consultation or information was conducted. The Nation could not

give their approval for a project that they had never heard of, which brought the SLO to its lowest level (withheld).

In the second period (1952–1955), the level of social license remained at its lowest level (withheld), since Alcan did not consult with the Cheslatta. The rapid evacuation two weeks prior to the flooding and relocation processes was conducted by the B.C. government. This created outrage and a traumatic situation for the Cheslatta Carrier Nation, causing them to lose their lands, livelihood, homes and way of life with no financial compensation. There was no communication between Alcan and Cheslatta nor any transparency in the consultation process, so it was not possible to achieve a higher level of social license.

In the third period (1956–1978), the Cheslatta were not able to begin a process of negotiation or litigation. However, they certainly did not forget what they experienced in the early 1950s, and the SLO level was at its lowest period (withheld). This inability to negotiate can most likely be linked to the little constitutional power and rights of the First Nations in the 1950s in Canada and is because of the Cheslatta Carrier Nation's institutional weakness, due to their lack of structure. Indeed, it is only in 1982 that the Canadian government formally recognized Aboriginal rights in the Canadian Constitution [46].

In the fourth period (1979–1998), after Alcan announced the KCP following the government's approval, Alcan thought this was a sufficient condition to start the construction. During the 1980s, after major contestations by local communities and environmental groups, Alcan understood that as long as the public (communities) did not approve its projects, it could not continue with such projects. Overall, this cost Alcan \$500 million, excluding litigation costs. In the 1980s, conditions changed as the new political context favored a group that had, until then, been neglected. This group had unresolved issues and pending lawsuit actions. With the support of other local Indigenous communities and powerful environmental groups, the Cheslatta were able to carry their voices to the media to make the public aware of what they experienced with Alcan. Events dating back to 1952 reemerged, and the Cheslatta, that had been considered illegitimate and dormant, proved to be quite influential. The unresolved tensions of 1952 had intensified over the years, and at that time, the Cheslatta were determined to prevail over the harm they had experienced. At this period, no positive discussions were held between Alcan and Cheslatta, as the actors were in a deadlock; Alcan still couldn't obtain its SLO, from the beginning of the project.

Finally, during the fifth period (1999–2012), with a global context that promoted sustainable development, the deadlock, which was unsuitable to all actors, and Alcan's new policy orientation based on community involvement, the actors began the process of rebuilding relationships with their willingness to cooperate and to address past issues. It seems clear that since the cancellation of the KCP, Alcan had changed from a litigation approach to a consultation approach in which the company tries to engage its communities in its projects. Through an economic implication, greater transparency and accountability, Alcan and the Cheslatta first signed a Partnership and Mutual Respect Agreement in 2000, which laid the groundwork for future cooperation and discussions. In 2012, these same actors signed a historic agreement that allows the Cheslatta to regain much of the land lost in 1952. It is a new development in the relationship between Alcan and Cheslatta. For the first time, one may speak of a tolerance/acceptance SLO level. The actions taken by Alcan demonstrate its willingness to cooperate and give the Cheslatta the hope of maintaining their lifestyle and identity while partnering with Alcan.

7. Discussion and Conclusions

This article offers two main contributions to the literature on stakeholder management, in general, and the SLO, in particular. The first one concerns the management of the SLO over the long term. The company operated legally in its relations with the First Nation in the first three periods in the 1940s and 1950s; however, these forms of relations led to the creation of a traumatic situation for the then weakest stakeholder, as well as to the sedimentation of unresolved issues in the relations between the company and the Nation, which culminated in a relational legacy. We define here the notion of relational legacy as a set of liabilities in the relations between stakeholders that sediment over time, lead to locked relations and negatively impact present and future relation. Relational legacies have the potential to impede the realization of corporate objectives, as well as the objectives of local stakeholders. These unresolved issues sediment over time and lead to the formation of intractable problems and challenges that have the potential to disrupt or halt business activities. Over time, these legacy-related issues lead to the reproduction of a low level of SLO. In the case of Alcan and the Cheslatta Carrier Nation, this led to the cancellation of a project, as well as significant financial and reputational losses. Relations between Alcan and the Haisla have, however, improved faster. In fact, RTA and the Haisla signed early in 2010 a historic Legacy Agreement, which included specific benefits (jobs, contracting opportunities and land acquisition opportunities) to the First Nation [47]. This could be explained, in particular, by the proximity of the Haisla to the aluminum plant, which allows them to obtain employment and, thus, be more satisfied with the presence of RTA.

This analysis provides clear evidence for the need for further research on stakeholder management in general and the license to operate in particularising longitudinal studies. In particular, the study presented here contributes to understanding how low levels of SLO driven by legacy-issues may cumulate and contribute to the future deterioration of relations between a company and its local stakeholders. However, while the SLO model provides a valuable framework to analyze company-community relations in a given moment of time, the notion of legacy has the potential to provide insights on the shift from one level to another one. For instance, by analyzing how the company has managed legacy issues with its stakeholders, the SLO “pyramid” model [24] allows one to better understand why the SLO level has progressed or regressed through a long period of time.

The second contribution concerns the management of stakeholders. Stakeholder management theory [23] indicates the need for companies and managers to prioritize salient stakeholders over dormant stakeholders. This model applies well in short-term situations. It is, however, less adapted to forecast the evolution of relations and contexts. This analysis suggests that small or marginalized groups—depicted by the stakeholder management literature as dormant stakeholders—should not be underestimated. The Cheslatta Carrier Nation were numerically a minority and were legally marginalized in the first decades of the project. However, despite their limited numbers, they were able to exert a very significant influence on the extension of the planned investment. Retrospectively, few would have thought that small groups, such as the First Nations present in the watershed, would have such a strong impact on the project. Future researchers interested in stakeholder management should include changes in the legal and value-related contexts in their analysis. The careful examination of these slow variables that impact the degree of the salience of the stakeholders could contribute to

enriching the SLO level framework, as it would bring relevant elements of the context into the scope of analysis.

Conflicts of Interest

The authors declare no conflict of interest.

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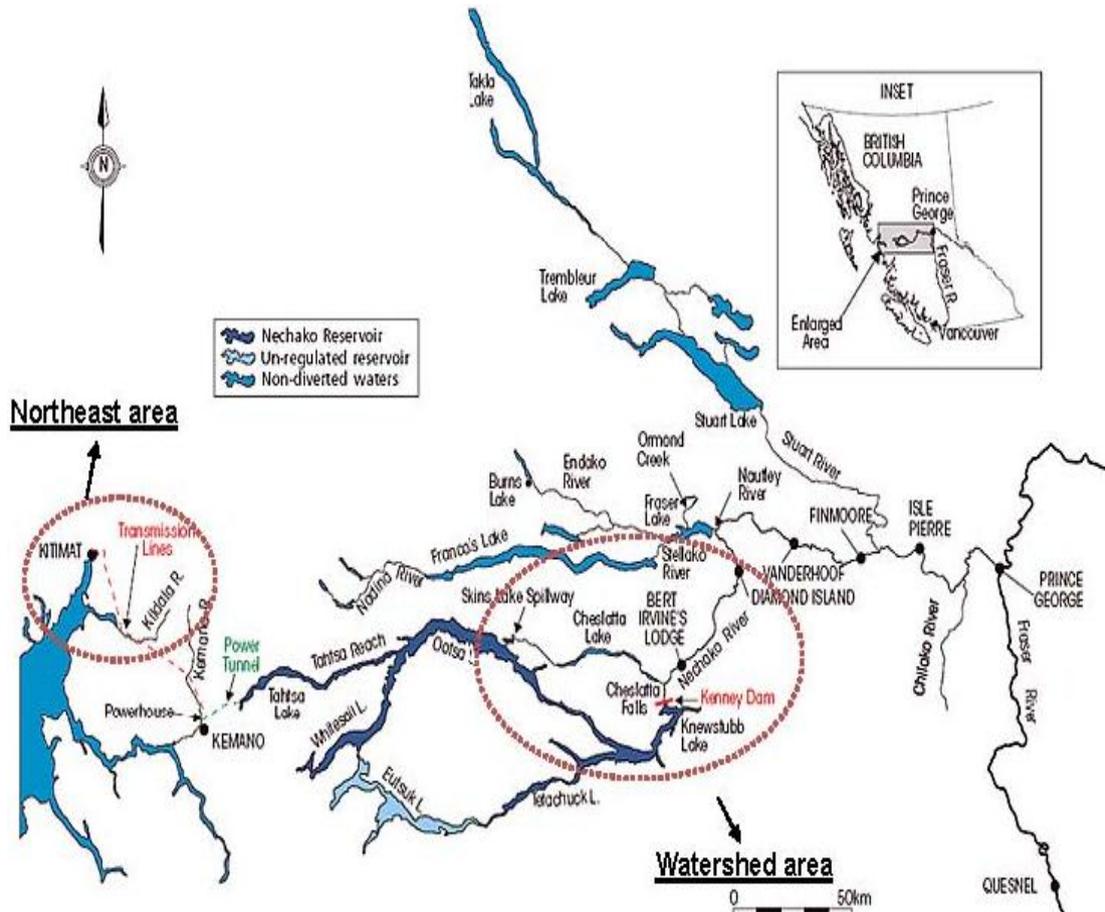
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Appendix

Figure A1. Map of the Area.



Source: The original map was drawn from the Nechako Fisheries Conservation Program (http://www.nfcp.org/Maps/nechako_map.gif (accessed on 20 December 2013)).

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