INDIGENOUS WOMEN'S ENTREPRENEURSHIP IN CANADA

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INDIGENOUS ENTREPRENEURSHIP

Entrepreneurship is a vessel that can help Indigenous women create promising futures for their communities. Currently, there is a thriving community of Indigenous women entrepreneurs across the country, each taking on unique challenges and making valuable contributions to their communities. Despite a plethora of barriers, Indigenous women are establishing businesses, and entrepreneurship is growing at twice the rate of non-Indigenous women (Impakt, n.d.). The effects of residential schools, the Indian Act and other regulatory and economic exclusion of Indigenous peoples are prevalent in many communities and cannot be ignored - entrepreneurialism has been proven to not only enrich the lives of the Indigenous women who start a venture, but also the lives of their families and entire communities. When reviewing the current literature available on Indigenous women's entrepreneurship, a common theme identified was that maximizing profit is not the main motivation behind starting a venture - Indigenous women often start their business to meet a specific need in the community, or out of a desire to achieve financial independence to support themselves and their families.

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In 2016, The Canadian Council for Aboriginal Business (CCAB) released *Promise and Prosperity: The Aboriginal Business Survey* (CCAB, 2016). General trends from this survey showed that Indigenous women-owned businesses tended to be smaller, focused on the service industry, and have a community/social focus (CCAB, 2016). These findings were directly in line with a 2013 report, Entrepreneurship among First Nation Women in the Atlantic Region, which found that 88% of existing businesses were considered microbusinesses and their business ideas developed as a result of identifying a need/opportunity in the marketplace (Diochon et al., 2014). The 2016 Aboriginal Business Survey revealed valuable findings about the current status of Indigenous entrepreneurship. The large scope of the report does not leave much room for a focused investigation on Indigenous women's entrepreneurship.

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In 2016, the Indian Business Corporation (IBC) launched their first Indigenous Women's Business Fund. In 2019, IBC undertook a third-party evaluation of the fund and met with 33 Indigenous women entrepreneurs. When asked to describe themselves, the Indigenous women entrepreneurs who participated in the study identified traits that fell under four main themes: resilient, resourceful, impactful, and influential (Indigenous Business Corporation, n.d.). In addition, this study proved that while Indigenous women face additional barriers and may need more patient lending processes and greater support with their business plans, they are more likely to repay their loans than men are (Indigenous Business Corporation, n.d.).

> "While it takes more effort, patience, support, and time to support Indigenous women entrepreneurs, the overall business success rate for Indigenous women is higher than men."

The third-party evaluation found that 57% of Indigenous women needed support with their business plans, compared to 41% of their male counterparts; 50% needed financial coaching, compared to 38% of Indigenous men; 43% needed support with grant writing, compared to 35% of Indigenous men. The evaluation even found that Indigenous women were 16% more likely to miss two or more loan payments than Indigenous men. However, the IBC reported that only 5% of loans given to Indigenous women were write-offs, compared to 18% of loans given to Indigenous men (Indigenous Business Corporation, n.d.). This evaluation proved that while it takes more effort, patience, support, and time to support Indigenous women entrepreneurs, the overall business success rate for Indigenous women is higher than men.

Currently, there is scarce literature and data on Indigenous women's entrepreneurship in Canada, but interest is growing. Ignoring the unique needs of Indigenous women excludes them from programming that may appear to be gender neutral (Indigenous Business Corporation, n.d.). The IBC third-party analysis, though using a small sample, drew attention to the fact that Indigenous women face: overt sexism, lateral violence, and troubles being taken seriously or being treated with respect (Indigenous Business Corporation, n.d.). Addressing all of these issues, compounded with committing the extra time and support for Indigenous women, will require hard work, but will be the key to moving forward towards an equitable economy.

Applying a diversity and gender lens, this work uses the 2016 Aboriginal Business Survey data to generate a clearer description of the current status of Indigenous women entrepreneurs, particularly the types of businesses they own, the strategies they use to overcome challenges, and technology and innovation they use to maintain business.

FOCUSING ON INDIGENOUS WOMEN ENTREPRENEURS

The CCAB, in collaboration with Environics Research, a research firm, conducted the 2016 Aboriginal Business Survey via telephone with 1,101 First Nations (on- and off-reserve), Inuit and Métis business owners across Canada, between February 10 and March 10, 2015. All the respondents self-identified as Indigenous and owned a business. Approximately 37% of the respondents were women and 73% men; 52 identified as Métis, 47% First Nations, and 2% Inuit (CCAB, 2016).

In partnership with the Women's Entrepreneurship Knowledge Hub (WEKH), the CCAB conducted a follow-up quantitative analysis using the weighted survey data to compare the Indigenous entrepreneurs who are women and those who are men to reveal the characteristics of businesses owned by the Indigenous women entrepreneurs and the challenges they face. The preliminary results are published in the *Indigenous Women's Entrepreneurs report*.

SIZE OF BUSINESS

Most women (83%) and most men (75%) own one business, and men more often own more than one. 67% of women have

a sole proprietorship, compared to 57% of men. Slightly more women have partnerships (13%) than men (11%), and more men (31%) have corporations than women (20%).

> "A majority of Indigenous entrepreneurs have businesses in the service industry, in fields such as professional services, scientific, and technical services, arts, entertainment, recreation, educational services, and health care. Women entrepreneurs are more concentrated in this sector."

A majority of Indigenous entrepreneurs have businesses in the service industry, in fields such as professional services, scientific, and technical services, arts, entertainment, recreation, educational services, and health care. Women entrepreneurs are more concentrated in this sector – almost three quarters (74%) of Indigenous women entrepreneurs work in the service industry as opposed to 54% of men entrepreneurs.

Secondary industries, such as retail, transportation and warehousing, and manufacturing, are comparable between genders (17% men and 18% women). Women's businesses are rarely in construction (5%) and natural resources (3%). This may be because women are more likely to own one business without employees, so they may not often have the capacity to work in fields where large-scale projects are common.

While the majority (71%) of Indigenous entrepreneurs, which is equal between women and men, had their businesses off a First Nations reserve, women are slightly more likely to have a business operated from their home (69%) compared to 64% of men-owned businesses.

> "In general, businesses owned by Indigenous women are not doing as well as those owned by Indigenous men."

In terms of the size of business, Indigenous women-owned businesses tend to have fewer employees than Indigenous men-owned businesses. 30% of Indigenous women entrepreneurs have employees, compared to 40% of Indigenous men. The average for women-owned businesses is 9 while the average for men-owned businesses is 14. Although both Indigenous men and women had Indigenous employees, women-owned businesses tend to have a higher percentage of Indigenous employees. On average, 61% of the permanent full-time staff of Indigenous women-owned businesses are Indigenous, compared to only 51% at Indigenous men-owned businesses. In addition, Indigenous women are more likely to have an all-Indigenous staff, at 44% of respondents compared to 26% of men-owned businesses (Tab. 1).

TABLE 1: FULL-TIME INDIGENOUS EMPLOYEES IN BUSINESSES OWNED BY THE INDIGENOUS ENTREPRENEURS

Indigenous Employees	Men	Women
None	21%	20%
1-9%	1%	-
10-19%	6%	4%
20-29%	7%	5%
30-39%	7%	4%
40-49%	4%	1%
50-59%	12%	7%
60-69%	7%	5%
70-79%	2%	4%
80-89%	6%	5%
90-99%	1%	-
100%	26%	44%
Mean (including 0)	51%	61%

In general, businesses owned by Indigenous women are not doing as well as those owned by Indigenous men. Indigenous woman-owned businesses experienced less revenue growth in 2015 compared to their male counterparts. Only 36% of women entrepreneurs, compared to 44% of men entrepreneurs, reported an increase in revenues, and 22% of women entrepreneurs, compared to 16% of men, reported the decrease in revenues in 2015 (Fig. 1). Fewer Indigenous women business owners (71%) reported a net profit in the previous fiscal year compared to Indigenous men (79%).

> "Compared to Indigenous men, Indigenous women are more likely to use personal savings (60% vs. 52%)."

The majority of Indigenous women and men entrepreneurs are dependent on personal savings as the main source of financing when starting up their businesses. Compared to Indigenous men, Indigenous women are more likely to use personal savings (60% vs. 52%). The second biggest source of financing for Indigenous men is business loans or lines of credit from financial institutions (16%), while for women, it is

FIGURE 1: BUSINESS'S GROSS SALES REVENUES IN THE PAST YEAR

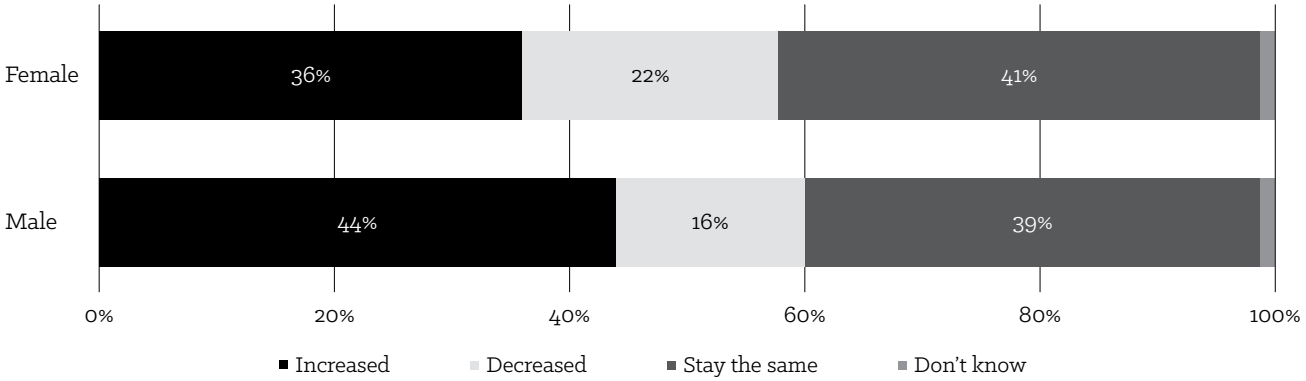

TABLE 2: THE MAIN SOURCE OF FINANCING USED TO START UP THE BUSINESS

Source of Financing	Men-Owned	Women-Owned
Personal savings	52%	60%
Business loans or lines of credit from financial institutions	16%*	7%
Aboriginal lending agencies or capital corporations	7%	8%
Personal loans or lines of credit from financial institutions	7%	6%
Federal government grants or loans	4%	6%
Retained earnings	2%	-
Provincial/territorial government grants or loans	2%	1%
Loans from financial institutions (unspecified)	1%	-
Financial assistance from family/friends	-	1%
Aboriginal Business Canada	-	1%
Other	4%	3%
Don't know	4%	6%

the Indigenous lending agencies or capital corporations (8%). It is clear that women entrepreneurs are more unlikely to use loans or lines of credit from financial institutions or government grants (Tab. 2). This is also true for financing their business in the established phase.

BARRIERS TO SUCCESS

Indigenous women and men have similar perceptions of their business' success. About half of Indigenous women (53%) and men (51%) viewed their business as extremely or very successful. Few Indigenous women (5%) and men (6%) viewed their business as either not very or not at all successful. For those that identified their business as extremely and very successful, both men and women entrepreneurs agreed that the main reasons for their success were 1) hard work and lots of time and effort, 2) good client base and steady work, and 3) good reputation and recognition.

Both men and women entrepreneurs who reported less successful businesses, identified the same reasons for their struggles. These reasons seem to be more challenging for women than for men.

- Marketing difficulties (38% for women and 21% for men);
- Poor economy/market (34% for women and 17% for men);
- Not fully committed to business/part time (24% for women and 15% for men).

BUSINESS NETWORKS

Entrepreneurs consider financing, marketing, and the growth of their businesses to be closely tied to their business networks and local communities. Indigenous women entrepreneurs, compared to their male counterparts, were more likely to seek formal (27% vs. 21%) and informal (63% vs. 56%) advice for their business within such a network. The survey found that 83% of the Indigenous women rank their community relationships as most important to their business success, and 80% of the Indigenous men rank their suppliers as most important (Tab. 3).

Less than one third of men- and women-owned businesses (32% for both) have the experience of using government loans and grants for small businesses, and even less of them used government financial support for employment, training and apprenticeships, with women-owned businesses having a slightly higher percentage than men-owned businesses (27% vs. 23%). Among these programs, Aboriginal Business Canada (AANDC) and Provincial/Territorial government programs are the top two that men- and women-owned businesses have used. The third highest for women-owned businesses are apprenticeship programs (7%) and Federal programs for men (7%).

> "Indigenous women entrepreneurs show a more open attitude toward innovation and new technology... In addition, Indigenous women entrepreneurs consistently use social media at higher rates than men."

TABLE 3: OPINIONS ON THE IMPORTANCE OF RELATIONSHIPS TO BUSINESS SUCCESS

Relationships	Men	Women
Local community	77%	83%
Suppliers	80%	72%
Banks, credit unions or other financial institutions	74%	74%
Other companies, either Aboriginal or non-Aboriginal, with whom your partner	72%	72%
Aboriginal political leadership	57%	63%

USE OF INNOVATION AND TECHNOLOGY

Indigenous women entrepreneurs show a more open attitude toward innovation and new technology than men. In 2015, 52% of men and 55% of women entrepreneurs introduced new products or services, while 45% of men and 44% of women introduced new processes. In addition, Indigenous women entrepreneurs consistently use social media at higher rates than men, with Facebook (56%), their company website (27%), LinkedIn (28%), Twitter (21%), and email (14%) being the most common (Tab. 4). 26% of women and 35% of men entrepreneurs did not use social media at the time of the interview. Overall, more than 85% of the businesses have internet connection.

DISCUSSION

The CCAB report found that 67% of Indigenous women ran sole proprietorships and were more likely to operate a business from home. Indigenous women see entrepreneurship as a way to achieve financial independence, control, and freedom. But they are also forced to balance many, often unpaid, roles as caregivers and community members. When Indigenous women run their businesses from home, they are managing their household needs, the needs of their children, and the needs of their business. For many Indigenous women, family comes first, and this means that they are often unable to dedicate working full time for their business.

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Our analysis found that 60% of Indigenous women used personal savings to finance their businesses. Traditional banks are averse to providing loans to Indigenous women entrepreneurs operating on reserves due to constraints imposed by the 1876 Indian Act, which heavily restricts and regulates all aspects of life for Indigenous peoples in Canada to this day. Despite undergoing dozens of revisions, the initial essence of control is still prevalent and acts as an economic sanction for Indigenous peoples today. The Indian Act restricts any personal or real property from being used as collateral for a mainstream financial loan, restricts land use on reserves for business purposes, and affects taxation. All Indigenous entrepreneurs wanting to start a business on reserves must navigate these regulations, requirements, and red tape. It is three times as complex to start a business on reserves because of Indigenous and Northern Affairs Canada and the bureaucracy of band politics (Brown et al., 2016).

The findings on financial challenges faced by Indigenous entrepreneurs are also consistent with a report published by The National Aboriginal Economic Development Board in 2017, which states that 51% of Indigenous businesses identified

TABLE 4: SOCIAL MEDIA USE BY INDIGENOUS ENTREPRENEURS

Social Media	Men	Women
Facebook	40%	56%
Company website	23%	27%
LinkedIn	20%	28%*
Twitter	21%	23%
E-mail	7%	14%
Google+	4%	5%
Photo sharing sites like Instagram and Flickr	3%	6%
YouTube	3%	4%
Pinterest	1%	5%
Other mediums (e.g. radio, newspaper, TV ads)	3%	2%
Internet (unspecified)	2%	2%
Company blog	1%	2%
Kijiji	1%	
Other	4%	5%
Don't use social media	35%	26%
Don't know	2%	1%

locating potential sources of funding as a barrier to business development (The National Aboriginal Economic Development Board, 2017). In Canada, Indigenous entrepreneurs face many challenges and barriers when it comes to accessing capital, forcing them to resort to less than ideal "solutions" such as: cutting into personal savings, borrowing from family and friends, using credit cards, and working multiple jobs (The Conference Board of Canada – Northern and Aboriginal Policy, 2017). Capital is essential for entrepreneurs and their businesses to thrive (The National Aboriginal Economic Development Board, 2017). While Indigenous entrepreneurs face barriers in accessing capital at an individual level, Aboriginal Financial Institutions (AFIs) also face barriers in accessing financing, often having greater demand for loans than they have capital to lend (Impakt, n.d.).

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Indigenous women entrepreneurs face an additional level of barriers to accessing financing because they often have different financing needs than Indigenous men. Unfortunately, many of the loans and programs AFIs offer are not for women specifically. For example, Indigenous women are more likely to start a small business or micro-enterprise that does not need a large amount of capital at first and would benefit more from a microloan (Impakt, n.d.).

> "Empathy and relationship building are key to the success of any program in an Indigenous community."

Many programs supporting Indigenous entrepreneurship offer a "one size fits all" format. However, our analysis found that Indigenous women and men face different barriers. According to the NIEDB (The National Aboriginal Economic Development Board, 2017), AFIs are currently the best opportunity to provide funding for Indigenous entrepreneurs, but less than a handful of them currently offer programming specific to women.

Empathy and relationship building are key to the success of any program in an Indigenous community, and the same rules apply to creating programming to support Indigenous women entrepreneurs. This means that ecosystem players need to fundamentally revamp the ways in which they do business so that there are program offerings created by Indigenous women for Indigenous women.

CONCLUSION

Supporting Indigenous women's entrepreneurship is important for community prosperity, especially when more than 80% of Indigenous women entrepreneurs rank their community relationships as most important to their business success. Their businesses provide employment opportunities for others in the community. Indigenous women-owned businesses tend to have a higher percentage of Indigenous employees.

While this paper identified some of the obstacles faced by Indigenous women entrepreneurs, it is important to note that despite known barriers, Indigenous women-owned businesses have been thriving in recent years. In 2016, 71% of Indigenous women-owned businesses reported a net profit in the previous fiscal year. It will be crucial to use WEKH Indigenous Women's Entrepreneurship Needs Analysis (forthcoming) as a tool, when developing programs to meet the unique needs of Indigenous women entrepreneurs and continuously support their growth and success. This report highlighted areas and gaps where business support organizations can focus their efforts to best support Indigenous women entrepreneurs.

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