INSIGHTS ON...
61F0019XIE

Vol. 3, No. 3

Aboriginal Entrepreneurs in Canada – Progress & Prospects

The following article was compiled and published by Industry Canada and reprinted here with permission. It is based on the Micro-Economic Monitor Special Report: "Aboriginal Entrepreneurs in Canada – Progress & Prospects", a collaboration between the Department's Micro-Economic Policy Analysis Branch and Aboriginal Business Canada program.

The Report combined findings from two Statistics Canada sources: the 1996 Census of Population and the 1996 Aboriginal Business Survey (ABS). The ABS was administered to a sample of some 2,500 Aboriginal business owners from across Canada.

Within Canada, a vibrant business sector of privately-owned Aboriginal businesses is emerging. Today, there are over 20 000 North American Indians, Métis and Inuit in Canada who have their own businesses. Well established in primary and traditional industries, Aboriginal entrepreneurs are also found increasingly in more knowledge-based endeavours. In many ways, they are leading their own way to a brighter economic future.

The 1996 Census shows that there were 20 195 self-employed Aboriginal people in Canada. This is an increase of 170 percent from 1981.* The overall increase in self-employment among Canadians during the same time was only 65 percent. While self-employment has been rising quickly, so has the Aboriginal population. From 1981 to 1996, the Aboriginal population increased by 63 percent while the Canadian population increased by only 17 percent.

The business community reflects the location of population. Chart 1 shows the urban/rural split for Aboriginal businesses in Canada and the provinces and territories. Two out of every three Aboriginal firms are west of Ontario, and more than 50 percent are located in urban areas.

Despite the fast growth, the proportion of Aboriginal adults who are business owners must increase even more rapidly to approach the Canadian average. Currently 3.9 percent of all Aboriginal adults (age 15 and over) own a business versus the Canadian average of 7.9 percent. As well, gaps in the overall Aboriginal labour market exist. The 1996 unemployment rate for Aboriginal people, at 24 percent, was high above the Canadian rate of 10.1 percent. Nonetheless, the labour force participation rates, which in 1996 were roughly 90 percent of the Canadian participation rate of 65.5 percent, suggest strong interest among Aboriginal people in finding work.

Not with standing the relatively small number of businesses, the Aboriginal business sector provides a high proportion of the jobs for Aboriginal people and also employs other Canadians. The 1996 Aboriginal Business Survey (ABS) conducted for Industry Canada by Statistics

* As a result of changes over time in the nature of Census statistics gathered on Aboriginal people, caution should be exercised when making comparisons. However, results from the 1981 Census and 1996 Census may be used for approximate comparisons of basic trends.

INSIGHTS ON...

How insightful is Insights On... to you?

The future of this publication is under review, and we want to know what you think. Please send comments to **jamie.brunet@statcan.ca**

In This Issue...

September 1999

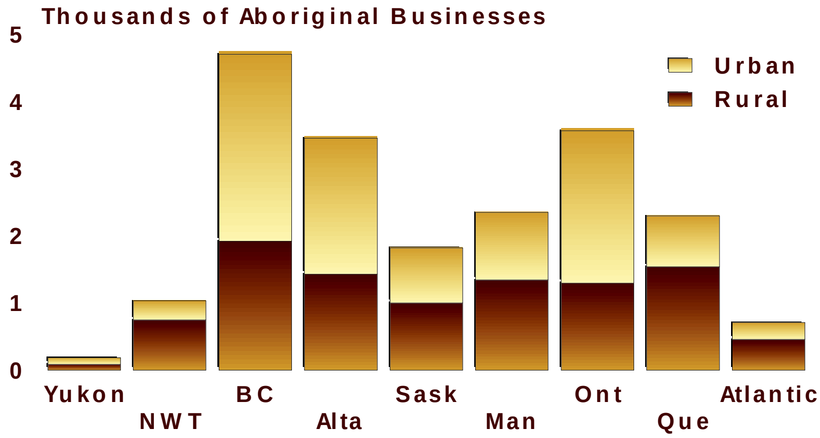
Également disponible en français

Next issue available in March 2000

Statistics Canada Statistique Canada

Canada

Chart 1: Aboriginal Businesses in Canada, 1996



Source: 1981 Census and 1996 Census

Canada illustrated remarkable similarities between Aboriginal and average Canadian businesses on a number of factors, including employment structure. For instance, 46 percent of Aboriginal businesses hire additional full-time, permanent workers, as compared with 40 percent of Canadian businesses. Based on the average employment structure for Aboriginal firms as suggested by the ABS, the formation of 12 710 additional Aboriginal businesses since 1981 could have generated 48 500 jobs for Aboriginal people and 18 000 jobs for other Canadians.

Aboriginal people living in rural and remote communities experience difficulties because of their geographic distance from markets and many services. These difficulties are being mitigated through the use of technologies which are reducing the costs of doing business from afar. The Internet, for example, is becoming a key tool in overcoming distance barriers and for accessing business information and contacts, allowing the fuller participation of Aboriginal people in the knowledge-based economy and society. However, only 6 percent of Aboriginal businesses are currently connected to the Internet, compared to about 31 percent of the general business community.

When surveyed for the ABS, top Aboriginal entrepreneurs identified their priorities for success in business as improving their:

- management skills (89 percent);
- productivity (88 percent);
- innovation (76 percent);
- financing (74 percent);
- employee training (67 percent), and;
- expansion of markets (67 percent).

Productivity improvement and innovation efforts translate directly into success in Aboriginal firms. The ABS showed that 50 percent of the more successful Aboriginal businesses[1] have introduced new products or services in the last three years, compared to a third of all Aboriginal businesses. New processes have been introduced by 44 percent of these successful companies. While innovation is producing success, Aboriginal firms still lag in technology areas such as use of computers. The survey reported that only 35 percent of Aboriginal businesses had a computer, while the Canadian Federation of Independent Business reports that 84 percent of their members use computers. But for larger Aboriginal and non-Aboriginal businesses, employing at least five workers, computer use is similar.

Aboriginal entrepreneurs are active across a wide spectrum of business sectors, from primary activities to manufacturing and services (see Chart 2). They are still most prevalent in "traditional" pursuits, such as fishing and trapping, farming, and the contracting trades, such as excavating and plumbing. However, Aboriginal entrepreneurs are also venturing into "new economy" areas that are highly knowledge-based. In fact, more knowledge-intensive sectors of Aboriginal business, such as business services, exhibited 9.2 percent annual growth rates from 1981 to 1996, compared to the 4.8 percent growth in primary industries.

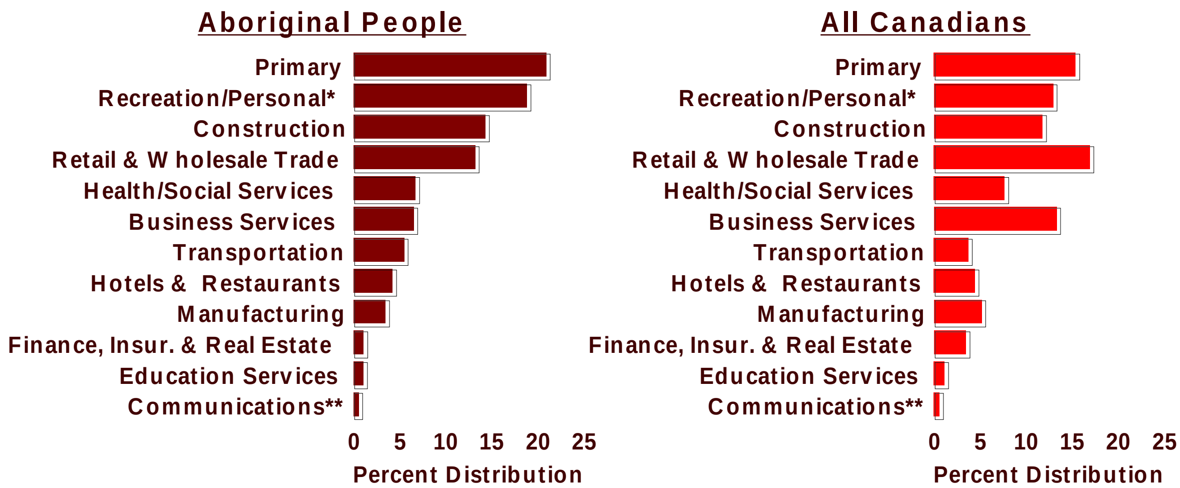
A remarkable 19 percent of Aboriginal firms identified themselves as exporters. A full six percent of Aboriginal firms have exports as the main focus of their business. Aboriginal exports are from all sectors of the economy, including transportation, retail goods, services and primary goods. A limited survey of Aboriginal high knowledge firms by the Trent Aboriginal Education Council at Trent University found that 29 percent of them were involved in exporting.

Roughly half of Aboriginal entrepreneurs perceive that they have inadequate access to capital, and that includes both equity and debt financing. Equity financing was identified more often as a problem. This was not surprising given the lower income levels of Aboriginal people, who earned an average of $17 382 in 1995, compared to the Canadian average of $26 474. This lack of personal resources and of collateral combined with not having financial institutions in many Aboriginal communities, presents key barriers to accessing capital. Aboriginal entrepreneurs identified their principal source of debt capital as banks and trust companies (47 percent), as well as Aboriginal development corporations (24 percent) and the federal government (15 percent).

Education is becoming increasingly important as a determinant of business success, especially in emerging areas of the knowledge economy. Aboriginal people are making gains in educational attainment, with

[1] Successful Aboriginal firms are those that were profitable in 1995, had increased sales from 1995 to 1996 and were expecting growing profits over the next two years.

Chart 2: Industrial Breakdown, 1996



* Includes amusement, recreation, personal and household services, along with membership organizations and miscellaneous other services. ** Includes utilities.
Source: 1996 Census.

more in the 20–29 age group earning post-secondary degrees or diplomas. The proportion studying engineering and science, mathematics and commerce has also risen. Aboriginal youth are migrating towards education geared to the "new economy". While the Aboriginal youth are improving their educational levels, Aboriginal adults are improving their competencies: 44.7 percent of Aboriginal students enrolled in higher educational institutions are 25 years of age or over, compared with 14.3 percent for the general population.

The creation of viable business opportunities will be essential for the future prosperity of Aboriginal people and for improving employment prospects. Aboriginal entrepreneurs under 30 years of age make up almost 19 percent of all Aboriginal self-employed people, with 10 percent of all Canadian entrepreneurs in this age group. This shows a real entrepreneurial spirit among Aboriginal youth.

The ABS also showed that Aboriginal business owners identify the primary objectives of their business as stability, profitability and employment of self and family. These objectives were attractive to about three-quarters of Aboriginal business owners. By comparison, just over half of business owners stated that service to the community was a primary goal. While personal lifestyles and family factors come into play, these results suggest a practical and bottom-line approach is often applied in Aboriginal business.

Overall, Aboriginal business has grown immensely over the past 15 years. There are a number of reasons to be optimistic about future growth and while there are differences, new research is illustrating a wide range of areas where Aboriginal business owners and Canadian business owners share many of the same characteristics and opportunities for the future.

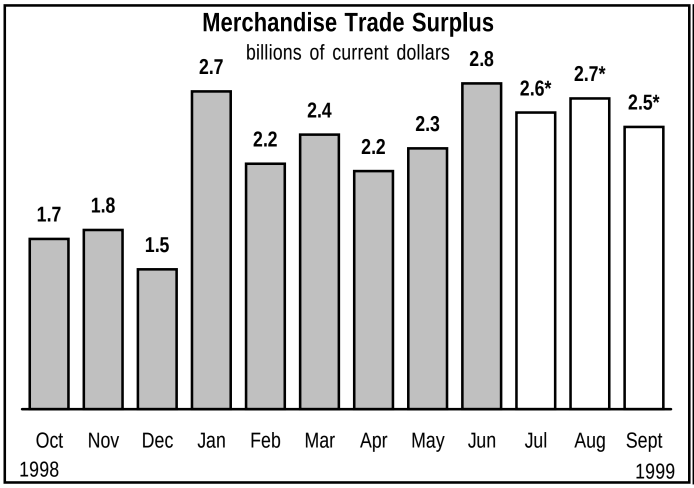
The foregoing article was prepared and submitted by Gary Sawchuk, Micro-Economic Analysis, and Pamela Christie, (formerly of) Aboriginal Business Canada, Industry Canada.

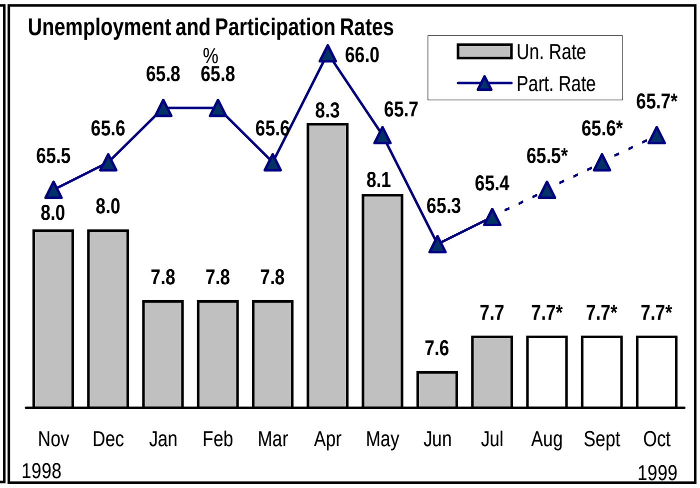
For more information on this and related topics, readers will be interested in Industry Canada's business internet site STRATEGIS [http://strategis.ic.gc.ca]. In particular, note the "Micro-Economic Monitor", a (quarterly) publication detailing quarterly economic conditions. The first quarter 1998 report contains the full "Aboriginal Entrepreneurs in Canada – Progress & Prospects" feature [http://strategis.ic.gc.ca/sc_ecnmy/mera/engdoc/04aa.html].
Contact *Gary Sawchuk* [sawchuk.gary@ic.gc.ca] or (613) 941-0640.

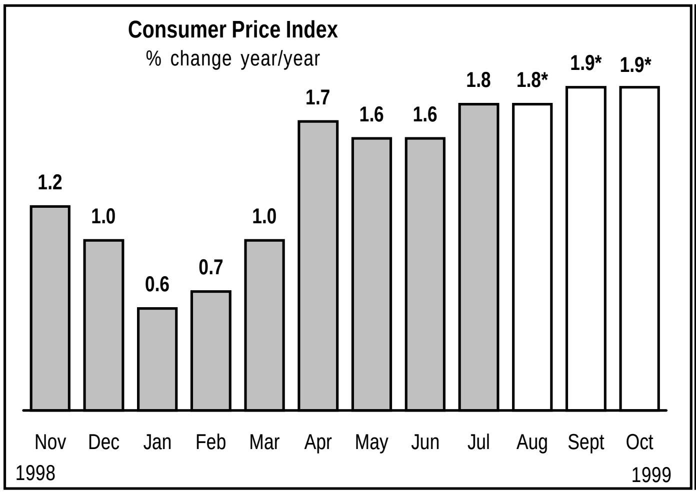
Also, "Aboriginal Businesses: Characteristics and Strategies for Growth" [http://strategis.ic.gc.ca/SSG/ra01682e.html] is a working paper in Industry Canada's Research Publications Program. The paper explores factors which are critical to the success of Aboriginal entrepreneurs. Contact *Someshwar Rao* (613) 941-8187.

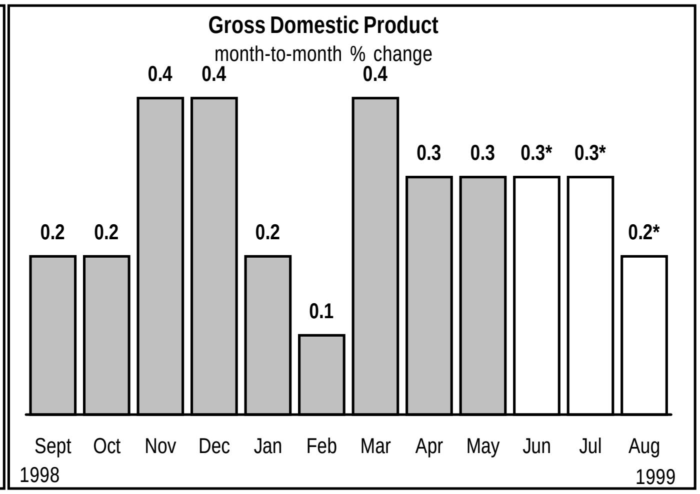
These materials are also available through Aboriginal Business Canada [abc.ottawa@ic.gc.ca]; (613) 954-4064.

Economic Indicators









* Average forecasted value from Short Term Expectations Survey, (see below for details)
Note: All figures are seasonally adjusted, with the exception of the Consumer Price Index

Short Term Expectations Survey

The *Short Term Expectations Survey* is a monthly survey conducted with a group of economic analysts from across the provinces to get a representative view of the Canadian economy.

The analysts forecast the year-over-year changes in the consumer price index (CPI), the unemployment and participation rates of the labour force, the level of merchandise exports and imports, and the monthly change in gross domestic product (GDP). They provide their forecasts for key economic indicators for the following three months.

Questionnaires are prepared and faxed on a monthly basis to each of the analysts across the country. They have approximately one week to return their forecasts. Answers are then compiled and compared to actual data. An analysis is produced from the results and published in *The Daily* the following week.

The following graphs show the actual historical data with the average forecasted data for the four key economic indicators included in the survey.

Watch fot the results of the *STES* which are published during the first week of each month in *The Daily*. Visit our web site to see a new issue of *The Daily* every working day at: www.statcan.ca

For any information on the *Short Term Expectations Survey*, please contact:

Jamie Brunet, Small Business and Special Surveys Division
(613) 951-6684
jamie.brunet@statcan.ca

WHAT'S NEW?

Getting connected or staying unplugged: The growing use of computer communications services

Computer communications occur when someone connects a computer to a communications network to access information on the Internet, to send and receive e-mail, or to use electronic banking services. This article uses 1998 data to update previous estimates of the proportion of Canadian households regularly using computer communications, analyzing the relationships between usage and location of use, household income, and other demographic factors. The article also looks at the growth of household connectedness over the past year, as well as the time spent using computer communications from home for a variety of services that can be accessed through the Internet.

Authors
Paul Dickinson and *Jonathan Ellison*,
(613) 951-5882
ellijon@statcan.ca
Science, Innovation and Electronic Information Division

Challenges facing Canada's Internet service providers (ISPs); A snapshot from a survey of ISPs

This article focuses on characteristics of "primary ISPs", that is, firms reporting that 50% or more of their revenues come from ISP activities. It looks at challenges facing ISPs including barriers to growth, competing in the Internet sector, complaints and practices regarding offensive content and conduct, as well as ISPs' perceptions of what is important to their customers. These items are analysed after classifying ISPs into four different size categories, enabling one to see any differences in perception or conduct between ISPs of varying sizes.

Authors
Norah Hillary, (613) 951-8711
hillnor@statcan.ca
Gord Baldwin, (613) 951-0407
baldgor@statcan.ca
Service Industries Division

Rural and Small Town Canada Analysis Bulletin

Catalogue No. 21-006-XIE

The Agriculture Division of Statistics Canada publishes a serie of analysis bulletins in collaboration with the Rural Secretariat, Agriculture and Agri-food Canada, to profile trends in rural Canada. These following bulletins are available free of charge on Internet at www.statcan.ca or can be ordered at 1-800-465-1991.

Geographical Patterns of Socio-Economic Well-Being of First Nations Communities

The bulletin entitled *Geographical Patterns of Socio-Economic Well-Being of First Nations Communities* shows First Nations communities in the prairie provinces and Canadian Shield locations typically have the poorest conditions, as defined by education, housing, employment and income. Southern British Columbia and B.C. coastal communities along with southern Ontario communities have relatively good conditions. Between 1986 and 1996, there has been little change in the geographic patterns of socio-economic well-being among First Nations communities. First Nations communities appear to be poorly integrated with the surrounding non-aboriginal society and economy - at least in ways that are mutually beneficial. There are only weak correlations between the employment, income and housing of First Nations communities and the neighboring non-aboriginal communities.

For further information, please contact
Robin P. Armstrong, (613) 951-4995
Fax: (613) 951-0387
armsrob@statcan.ca

Computer Use and Internet Use by Members of Rural Households

The bulletin entitled *Computer Use and Internet Use by Members of Rural Households*, indicates that the share of rural and small town individuals with a computer at home increased from 14 percent in 1989 to 22 percent in 1994. The largest increase was for individuals with at least high school graduation and for individuals in households with total income of $40,000 or more. In 1989, 12 percent of rural and small town residents used a computer at work. This increased to 17 percent in 1994. Among these individuals, 40 percent were affected by the introduction of computers at work. Two-thirds noted that, as a result of the introduction of computers, an increase in skill level was needed to do their job. In 1997, 29 percent of rural households had one member who had used computer communications at least once (from any location). In 10 percent of rural households, one person used computer communications in a typical month *from home*. General browsing and e-mail were the most common uses while electronic banking and shopping were much less common. Only 3 percent of rural households reported using computer communications in a typical month for a self-employed business.

For further information, please contact
Ray D. Bollman, (613) 951-3747
Fax: (613) 951-3868
bollman@statcan.ca

Factors associated with local economic growth

The bulletin entitled *Factors associated with local economic growth* indicates that a higher education level in a community provided only a weak boost to employment growth during the 1980s. Communities that were relatively specialised in primary sector employment and traditional manufacturing employment were relatively disadvantaged in the 1980s. The type of region in which a community was located had a substantial impact on the rate of local economic growth. Communities in regions influenced by metropolitan centres benefited relative to other communities. A higher unemployment rate in a community in 1981 did not indicate an excess supply of labour that would attract employers. In fact, wage rates grew less in these communities and thus these communities fell further behind during the 1980s. Communities with a higher share of population with low incomes experienced higher economic growth in the 1980s, relative to the average community. These communities were catching up to the average community during the 1980s. There was a wide variability in community growth patterns in the 1980s. Many communities achieved economic growth in spite of the factors identified here that constrained growth for the average community.

For further information, please contact
Ray D. Bollman, (613) 951-3747
Fax: (613) 951-3868
bollman@statcan.ca

How Far to the Nearest Physician?

The bulletin entitled *How Far to the Nearest Physician?* shows that in 1993, there were only half as many physicians per 1,000 population in rural and small town Canada compared to larger urban centres. However, two-thirds of rural and small town Canadians lived within 5 km of a physician. About 7 percent lived more than 25 km from a physician. In northern remote communities, over two-thirds of the population lived more than 100 km from a physician.

For further information, please contact
Russell Wilkins, (613) 951-5306
wilkrus@statcan.ca

Rural and Urban Household Expenditure Patterns for 1996

The bulletin entitled *Rural and Urban Household Expenditure Patterns for 1996* shows that rural and urban households spend the same share of their budget on the necessities of food, clothing and shelter but rural households spend more on food and less on shelter. Distance influences rural household expenditure patterns. Rural households spend a higher share on transportation and a lower share on some services (e.g., cablevision, Internet) which are more difficult to access.

For further information, please contact
Ray D. Bollman, (613) 951-3747
Fax: (613) 951-2848
bollman@statcan.ca

Market Research Handbook – 1999 Edition

Catalogue No. 63-224-XPB

The latest edition of the *Market Research Handbook* is now available. It is designed to be a comprehensive source of socio-economic statistics for all those who study the Canadian consumer market. The broad range of data are equally relevant to consumer and business-to-business marketing; they present profiles of key industries including the small business sector, as well as consumers in all provinces and 45 major cities. International trade data, projections of population, households, families and selected economic indicators, etc. – this information helps businesses seeking to expand or develop new product lines. The *Market Research Handbook 1999* reveals the Canadian market place in a way no other statistical resource can.

To order, please contact Circulation Management at:
Telephone: 1-800-700-1033
Fax: 1-800-889-9734
Internet: order@statcan.ca
In Canada: $125 per issue
Outside Canada: US $125 per issue

STATISTICS CANADA

ECONOMIC CONFERENCE 2000

MAY 15-16, 2000

OTTAWA CONGRESS CENTRE
55 COLONEL BY DRIVE
OTTAWA, ONTARIO
CANADA

EXPANDING HORIZONS: CANADA IN AN INTERNATIONAL CONTEXT

CALL FOR PAPERS

Deadline for submissions:
October 15, 1999

Statistics Canada's annual Economic Conference provides a forum for the exchange of empirical research among the business, government, research and labour communities. Authors are invited to submit papers in line with the conference theme of *Expanding Horizons: Canada in an International Context.*

While Canada's has always been an open economy, it is now more extensively and intricately linked to the rest of the world. Flows across our borders of goods, services, capital and people are pervasive in their impact, and our attention is drawn more than ever to how Canadian markets, programs and institutions compare with those of other countries.

At plenary sessions, guest speakers will compare Canadian situations with those of other countries and speak on issues arising from international flows of all kinds. Conference participants will discuss related research in individual workshops on:

- **International Comparisons:** income distributions, health status, literacy levels, labour compensation, environmental quality, role of the public sector, rural development, rates of incarceration, school enrollment rates, trends in farm incomes, productivity, firm demographics, relative trends in self-employment, social programs and safety nets, rates of capacity utilization, purchasing power parities, etc.
- **International Investment and Financial Flows:** portfolio and direct investment, international capital market integration, takeovers and mergers, technological investment by industry, capital expenditures by country of control, impact of inflation on financial flows, Canadian investment abroad, Canadian dollar exchange rates, etc.
- **International Trade:** commodity prices, growth of trade in services, impact of e-commerce, international market share, role of infrastructure in export growth, impacts of emerging technologies on transportation, implications of subsidies and trade agreements, transportation deregulation, links between trade and investment, etc.
- **Population Flows:** integration of new immigrants, "brain drain and gain", recognition of foreign credentials, diversification of the Canadian population, immigrant entrepreneurs, country of origin of immigrants, immigration and population growth, temporary residents abroad, etc.

Content of Submissions: Title, a 200-word abstract, and names and addresses of the author and all co-author(s)

Deadlines: **Abstract :** ***October 15, 1999***
Paper : ***March 31, 2000***

Please send your submissions to :

Jocelyne Lepage
Co-ordinator
Economic Conference 2000
Labour and Household Surveys Analysis Division
Statistics Canada
Jean Talon Building, 9th Floor, Section A-8
Ottawa, Ontario
Canada
K1A 0T6

Telephone: **(613) 951-1135**
Fax: **(613) 951-4179**
E-mail: **Lepajoc@statcan.ca**
Internet: **www.statcan.ca**

INSIGHTS ON...

INSIGHTS ON...
Statistics Canada's newsletter on trends in business and trade statistics

Published by the Business and Trade Statistics Field of Statistics Canada, under the authority of the Minister responsible for Statistics Canada. Statistics Canada should be credited when reproducing or quoting any part of this document.

This publication was produced by:

Small Business and Special Surveys Division, Statistics Canada
10-C4, Jean Talon Bldg, Tunney's Pasture
Ottawa, Ontario K1A 0T6
Telephone: (613) 951-6684
Fax: (613) 951-1572
E-mail: jamie.brunet@statcan.ca

Your comments are always welcome.

Special thanks to all divisions that contributed in the production of this publication.

Aussi disponible en français

Price
Internet: FREE at WWW.STATCAN.CA

Paper (in Canada): $40 per issue
$100 per subscription (4 issues)

Paper (outside Canada):
$40 US per issue
$100 US per subscription (4 issues)

Note of Appreciation
Canada owes the success of its statistical system to a long-standing partnership between Statistics Canada, the citizens of Canada, its businesses, governments and other institutions. Accurate and timely statistical information could not be produced without their continued cooperation and goodwill.

TO ORDER

MAIL
Small Business and Special Surveys Division
Statistics Canada
120 Parkdale Avenue
Jean Talon Building, C4
Ottawa, Ontario K1A 0T6
(please print)

FAX
(613) 951-1572
VISA, MasterCard and purchase orders only. Please do not send confirmation. A fax will be treated as an original order

Name: ____________________

Title: ____________________

Organization: ____________________

Address: ____________________

City: __________ Province: __________ Postal Code: __________

Telephone: __________ Fax: __________

E-mail: ____________________

METHOD OF PAYMENT

(check only one)

☐ **Please charge my:** ☐ Visa ☐ MasterCard

Card Number

Expiry Date

Cardholder *(please print)*

Signature

☐ **Payment enclosed $** __________

☐ **Purchase Order Number** __________
(please enclose)

Authorized Signature

Catalogue Number	Title	Date of issue or indicate an "S" for subscription	Price (All prices exclude sales tax) Canada $	Price (All prices exclude sales tax) Outside Canada US$	Quantity	Total $
61F0019XPE	**Insights On...**					
61F0019XPF	**Le Point sur...**					

Note: Catalogue prices for clients outside Canada are shown in US dollars. Clients outside Canada pay total amount in US funds drawn on a US bank.	**SUBTOTAL**	
Subscription will begin with the next issue to be released.	**GST 7%** (Canadian clients only, where applicable)	
Canadian clients pay in Canadian funds and add either 7% GST and applicable PST or HST.	**Applicable PST** (Canadian clients only, where applicable)	
Cheque or money order should be made payable to the Receiver General of Canada.	**Applicable HST** (N.S., N.B., Nfld)	
GST Registration # R121491807	**GRAND TOTAL**	