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Indigenous-owned businesses in Canada, 2005 to 2021



by Bassirou Gueye

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Context

The release of time-series data spanning from 2005 to 2018 has provided insights into the trends and characteristics of Indigenous-owned businesses in Canada (Gueye et al., 2022a). These data enabled the identification of key developments, including overall growth in the number of Indigenous-owned businesses, a notable shift toward younger business owners and an increased presence of women in Indigenous business leadership. However, this period also exposed challenges, since compared with the 2005 level, the number of Indigenous-owned businesses grew faster than that of non-Indigenous-owned businesses in earlier years but slower in more recent years.

As the economic landscape evolves, and with the effects of the COVID-19 pandemic reshaping business environments, updating these insights is essential to support evidence-based policy making and to develop inclusive strategies that foster growth and resilience within the Indigenous business sector. This project, funded by Indigenous Services Canada, builds on prior findings by integrating more recent data, covering 2005 to 2021, providing an overview of Indigenous-owned businesses in Canada and updating tables 33-10-0631-01 and 33-10-0632-01. By incorporating recent data, this update will enhance insights into the evolving characteristics and trends within the Indigenous business landscape in Canada.

Data and methodology

The methodology for this project is consistent with the previous version (Gueye et al., 2022b), with some key updates. The core dataset remains the Canadian Employer–Employee Dynamics Database, which is used to identify business owners and their associated businesses, as well as many of the characteristics of owners (e.g., gender, age, immigrant status) and businesses (e.g., employment size, sector, location). This dataset links various administrative data sources, as described in Grekou et al. (2018). As in Gueye et al. (2022a, 2022b), a business is considered Indigenous-owned if more than 50% of its shares are owned by Indigenous people.¹

1 “Indigenous people” refers to whether the person identified with the Indigenous peoples of Canada. This includes those who identify as First Nations (North American Indian), Métis and/or Inuk (Inuit), and/or those who report being Registered or Treaty Indians (that is, registered under the Indian Act of Canada), and/or those who have membership in a First Nation or Indian band.

The previous linkage included the 2001, 2006, and 2016 Censuses of Population, as well as the 2011 National Household Survey (Gueye et al., 2022b). The main updates include the addition of the 2021 Census of Population and various cycles of the Canadian Community Health Survey (CCHS) to the linkage. The 2021 Census and the CCHS were specifically included to increase the number of owners with ascertained Indigenous identity (Indigenous or not), thereby enhancing the dataset's capacity to identify both Indigenous and non-Indigenous business owners more accurately.

The previous imputation exercise used demographic characteristics, including age, sex, income and geographic location, to impute the Indigenous identity of business owners lacking this information (Gueye et al., 2022b). In this update, mother tongue was added as a factor in the imputation process. Information on mother tongue is collected in the census short-form questionnaire, which covers the entire population, thus enhancing the dataset's comprehensiveness. Including mother tongue provides a valuable additional layer of context for identifying Indigenous identity, since language can be a significant cultural marker. By leveraging this information, the quality of imputed Indigenous identity is expected to improve, resulting in more reliable insights regarding Indigenous business ownership.

Results

Incorporating mother tongue into the imputation process has enhanced the quality of the estimates, making them more consistent with the information available in the Census of Population. Given that the vast majority of Indigenous-owned businesses have one owner, the distribution of Indigenous-owned businesses can be directly compared with that of Indigenous owners from the census.² Statistics Canada (2022) showed that Indigenous-owned businesses were distributed with 45.7% owned by First Nations people, 47.1% owned by Métis and 1.9% owned by Inuit.³ This distribution of Indigenous-owned businesses by Indigenous group was not entirely consistent with that of Indigenous owners from the Census of Population. However, the share of Indigenous-owned businesses remains relatively unchanged. However, with this updated methodology, the distribution of Indigenous-owned businesses by Indigenous group closely aligns with the distribution of business owners reported in the Census of Population.

In 2021, First Nations people accounted for 42.1% of Indigenous business owners (2021 Census of Population)⁴ and controlled 40.4% of Indigenous-owned businesses (Table 1). Similarly, Métis represented 52.2% of Indigenous business owners and controlled 54.3% of Indigenous-owned businesses. Inuit, while representing a smaller proportion, reflected a similar pattern, with 1.3% of Indigenous business owners and controlling 1.8% of Indigenous-owned businesses. These similarities hold true for 2016 as well, with differences ranging from 0.4 percentage points (First Nations people and Inuit) to 0.9 percentage points (Métis). This closer alignment between the distribution of Indigenous-owned businesses and that of Indigenous business owners by Indigenous group suggests improved estimates following the introduction of mother tongue in the imputation process.

2. To ensure comparability with the sample of Indigenous-owned businesses, business owners based on the 2021 Census of Population are incorporated self-employed workers with and without paid help, and unincorporated self-employed workers with paid help.

3. "First Nations people," "Métis" and "Inuit" refer to the single identity population.

4. To ensure comparability with the sample of Indigenous-owned businesses, business owners based on the 2021 Census of Population are incorporated self-employed workers with and without paid help, and unincorporated self-employed workers with paid help.

Indigenous-owned businesses grew faster than non-Indigenous-owned businesses from 2005 to 2017, but experienced a decline after 2018

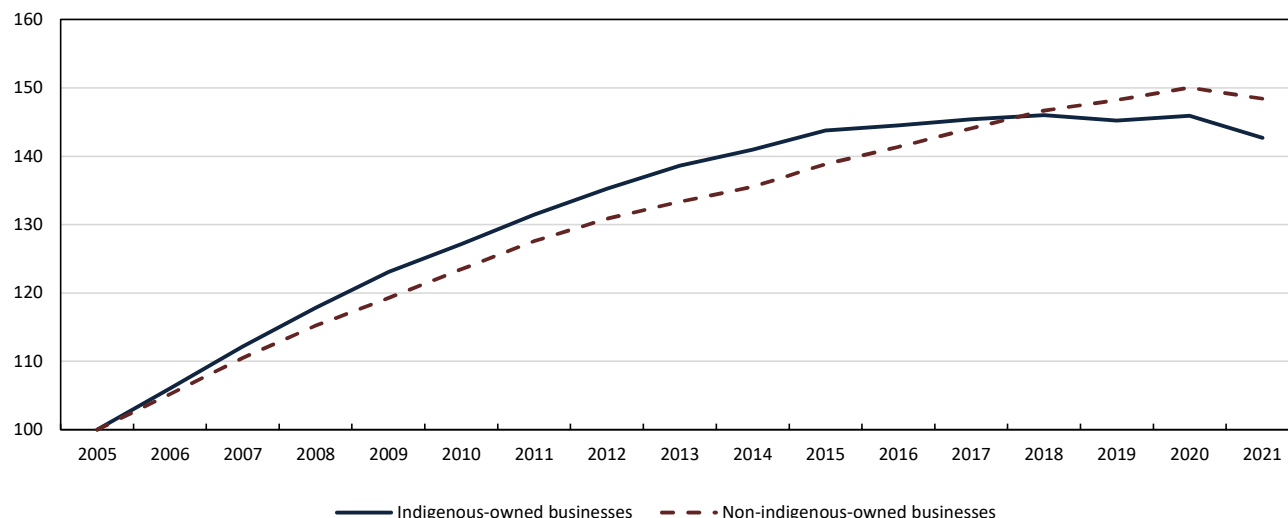
From 2005 to 2021, although the share of businesses owned by Indigenous people remained relatively unchanged (from 1.4% to 1.3%), the number of Indigenous-owned businesses increased significantly, posting a growth rate of 42.7% over the period (Chart 1). This upward trend reflects consistent growth, particularly between 2005 and 2017, where the growth relative to the 2005 level was higher than that of non-Indigenous-owned businesses. However, after reaching the peak in 2018, the number of Indigenous-owned businesses experienced a slight decline, dropping by 0.6% in 2019 and further by 2.2% in 2021.

In contrast, non-Indigenous-owned businesses demonstrated a robust growth trajectory, achieving a 50.0% increase by 2020 compared with 2005 (Chart 1). The growth in non-Indigenous-owned businesses was particularly notable in recent years, as it consistently outnumbered that of Indigenous-owned businesses. Although there was a decline in 2021 (1.1%), this still represented a 48.4% increase compared with 2005.

When comparing the two groups, both showed significant growth but had diverging growth patterns in recent years. The number of Indigenous-owned businesses peaked in 2018, while the number of non-Indigenous-owned businesses continued to rise until 2020. The declines observed in both groups in 2021 may reflect the impacts of the pandemic. Overall, the data indicate that although Indigenous-owned businesses have made important strides, they experienced a decline after 2018. Meanwhile, the number of non-Indigenous-owned businesses generally continued to grow until 2020, highlighting a persistent disparity that warrants further attention and support initiatives.

Chart 1
Number of businesses by Indigenous ownership, 2005 to 2021

Index, 2005 = 100



Source: Statistics Canada, table 36-10-0631-01.

Differences in characteristics between Indigenous-owned and non-Indigenous-owned businesses

In addition to revealing trends in Indigenous business ownership, these data also make it possible to perform disaggregated analyze of Indigenous-owned businesses by including other characteristics of these businesses. Table 1 shows the distribution of Indigenous-owned and non-Indigenous-owned businesses by various characteristics, including Indigenous group, gender of ownership, age of primary owner and business location. This breakdown reveals differences between Indigenous-owned and non-Indigenous-owned businesses in terms of owner and business characteristics.

Table 1
Distribution of Indigenous-owned and non-indigenous owned businesses by select characteristics, 2021

	Indigenous-owned	Non-indigenous owned
	percent	
Indigenous group		
First Nations people	40.4	...
Métis	54.3	...
Inuit	1.8	...
Other Indigenous ownership	3.5	...
Gender of ownership		
Men-owned	71.3	63.3
Women-owned	26.5	21.4
Equally owned	2.2	15.3
Age of primary owner		
Less than 35 years	13.7	11.7
35 to 44 years	22.5	20.9
45 to 54 years	24.2	23.2
55 to 64 years	24.2	23.9
65 years and older	15.4	20.3
Business location		
Atlantic Region	8.7	4.3
Quebec	15.2	19.9
Ontario	20.6	39.6
Manitoba	7.0	2.6
Saskatchewan	6.4	3.1
Alberta	21.8	15.2
British Columbia	18.7	15.0
Territories	1.6	0.1

... not applicable

Notes: "Other Indigenous ownership" refers to businesses belonging to individuals with multiple Indigenous identities or jointly owned by individuals who identify with one of the three Indigenous groups, but no one group controls more than 50% of the shares.

Numbers may not add to totals because of rounding.

"Primary owner" refers to the owner with the highest share of ownership.

The Atlantic region includes the eastern Canadian provinces of Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick. The territories include Yukon, the Northwest Territories and Nunavut.

Sources: Statistics Canada, tables 33-10-0631-01 and 33-10-0632-01

Indigenous-owned businesses are more likely to be majority-owned by women than non-Indigenous-owned businesses

In 2021, among both Indigenous-owned and non-Indigenous-owned businesses, men-owned businesses represented the majority. However, Indigenous-owned businesses were proportionally more likely to be majority men-owned (71.3%) compared with non-Indigenous-owned businesses (63.3%). Furthermore, majority women-owned businesses made up a higher proportion of Indigenous-owned businesses (26.5%) than of non-Indigenous-owned businesses (21.4%). Conversely, Indigenous-owned businesses (2.2%) were less likely than non-Indigenous-owned businesses (15.3%) to be equally owned by men and women.

Indigenous-owned businesses are more likely to have younger owners than non-Indigenous-owned businesses

The distribution of businesses by age of the primary owner⁵ shows some differences between Indigenous-owned and non-Indigenous-owned businesses. In 2021, businesses primarily owned by individuals aged 45 to 54 or 55 to 64 accounted for the highest share, totaling 48.4% of Indigenous-owned businesses and 47.1% of non-Indigenous-owned businesses. However, Indigenous-owned businesses were more likely to be primarily owned by younger owners (under 35 years or 35 to 44 years) and less likely to be owned by older entrepreneurs (65 years and over) than non-Indigenous-owned businesses.

Alberta and Ontario are the provinces with the largest number of Indigenous-owned businesses

Geographic distribution highlights significant differences between Indigenous-owned and non-Indigenous-owned businesses. In 2021, Alberta was the province with the largest number of Indigenous-owned businesses, making up 21.8% of these businesses, while 15.2% of non-Indigenous-owned businesses were located there. In addition, Ontario was the province with the second-largest share of Indigenous-owned businesses; however, the share of non-Indigenous-owned businesses (39.6%) located in the province was almost twice that of Indigenous-owned business (20.6%). Indigenous-owned businesses (18.7%) were more likely to be located in British Columbia than non-Indigenous-owned businesses (15.0%), while Indigenous-owned businesses (15.2%) were less likely to operate in Quebec than non-Indigenous-owned businesses (19.9%). For the remaining provinces and territories, the share of Indigenous-owned businesses was higher than that of non-Indigenous-owned businesses and was below 10% in all of them. These results suggest that non-Indigenous-owned businesses were more concentrated in eastern and central provinces, while Indigenous-owned businesses were more evenly distributed across the provinces and territories, with a slightly stronger presence in the west.

Author

Bassirou Gueye is with the Economic Analysis Division, Analytical Studies and Modelling Branch, at Statistics Canada.

5. "Primary owner" refers to the owner with the highest share of ownership.

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