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# SME PROFILE

## INDIGENOUS-OWNED BUSINESSES IN CANADA

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## INDIGENOUS-OWNED BUSINESSES IN CANADA

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# EXECUTIVE SUMMARY

This report presents a comprehensive statistical profile of Indigenous-owned small and medium-sized enterprises (SMEs) in Canada, focusing on growth, financing, innovation and technology adoption. Using data from the 2023 *Survey on Financing and Growth of Small and Medium Enterprises*, this analysis leverages a new sampling design that, for the first time, enabled the oversampling of Indigenous-owned businesses.

Key findings include:

- Indigenous-owned SMEs accounted for 1.5% of all SMEs in 2023. They exhibited more diverse ownership, with higher representation of women, young entrepreneurs, persons with disabilities, non-binary individuals, and 2SLGBTQ+ persons.<sup>1</sup>
- These SMEs were more concentrated in construction and primary industries, tended to be younger, were less likely to be incorporated, were likely to be located in western Canada and the territories; and generally operated on a smaller financial scale.
- Indigenous-owned SMEs were slightly more likely to request external financing and had higher approval rates for several types of debt financing. While they were more likely to report positive average annual growth in sales compared with all SMEs, they remained underrepresented among high-growth firms and were less likely to plan expansions into interprovincial or international markets.
- While reporting fewer growth obstacles overall, Indigenous-owned SMEs faced unique challenges in exporting, particularly logistical and market knowledge barriers. Innovation rates were lower, but technology adoption and online presence were higher than those of all SMEs.

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<sup>1</sup> Readers should note that, due to the absence of disaggregated statistics on non-Indigenous-owned SMEs in the 2023 *Survey on Financing and Growth of Small and Medium Enterprises*, this report compares the statistics of Indigenous-owned SMEs to those of the entire SME population (referred to as “all SMEs”), including Indigenous-owned SMEs.

# INTRODUCTION

Over the past decade, the contribution of Indigenous peoples to Canada's gross domestic product (GDP) has attracted growing research interest. Nationally, it is widely acknowledged that the success of small and medium-sized enterprises (SMEs) is crucial for promoting sustainable economic growth.

According to the BDC,<sup>2</sup> the Indigenous economy has seen rapid growth, with contributions nearly doubling since 2013 and making up about 2.4% of Canada's gross domestic income (GDI) in 2021.

This growth is driven by a youthful population, rising education levels, and a 49% increase in full employment among Indigenous individuals aged 25–64 from 2014 to 2023, compared with a 13% increase for non-Indigenous groups. These factors collectively fuelled the expansion of the Indigenous economy.

However, the existing research on Indigenous economies remains limited due to significant data gaps, constraining both an understanding of the economic differences between Indigenous and broader Canadian economies and policymakers' abilities to make informed decisions benefiting Indigenous communities.<sup>3</sup>

***This report addresses this gap by presenting a comprehensive statistical analysis of Indigenous-owned SMEs, using data from the 2023 Survey on Financing and Growth of Small and Medium Enterprises.***

For the first time, the survey employed new sampling design that enabled the oversampling of Indigenous entrepreneurs, allowing for more granular and representative analysis.

In particular, descriptive analysis is presented comparing the financing and growth of Indigenous-owned SMEs with those of all Canadian SMEs.

The report is organized as follows:

- Section 1 provides an overview of the Indigenous population and Indigenous economy in Canada.
- Section 2 briefly outlines the terminology and data sources utilized.
- In section 3, the industrial characteristics of Indigenous-owned SMEs are described.
- Section 4 explores demographic and ownership attributes associated with primary decision-makers.
- Sections 5 and 6 analyze aspects related to business growth and sales destinations, respectively.
- Section 7 discusses financial characteristics, including access to finance and debt financing among Indigenous-owned SMEs.
- Section 8 focuses on innovation activities, technology adoption, and the online presence of Indigenous businesses.
- Finally, the report concludes with key findings in the last section.

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2 Source: BDC, "*The growing contribution of Indigenous people to the Canadian economy*," 2024.

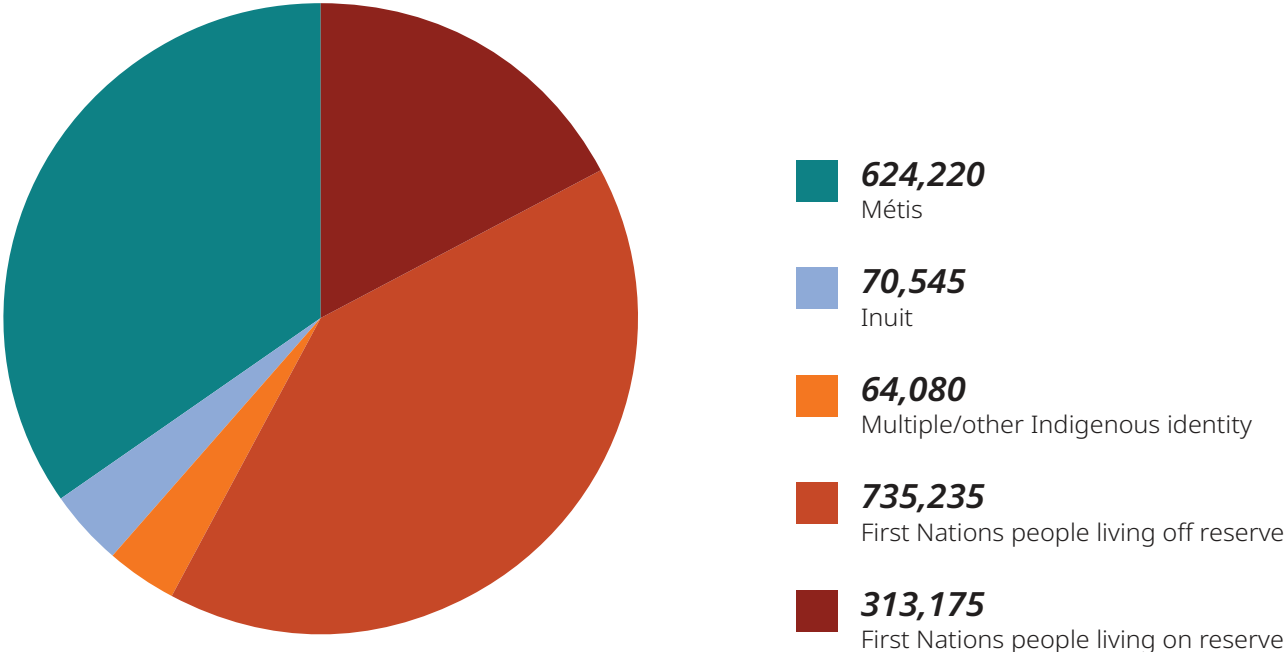
3 Source: First Nations Financial Management Board's (FMB), "*RoadMap Project*," 2022.

# 1. ECONOMIC CONTEXT OF INDIGENOUS PEOPLE IN CANADA

Indigenous peoples made up a growing share of Canada’s population, but their representation among small and medium-sized enterprises (SMEs) remains limited. According to the 2021 Census of Population, approximately 1.8 million individuals in Canada identified as Indigenous, accounting for 5.0% of the total population—a slight increase from 4.9% in 2016.

The Indigenous population grew by 9.4% between 2016 and 2021, surpassing the 5.3% growth rate of the non-Indigenous population.<sup>4</sup> Compared with the non-Indigenous population in Canada, the Indigenous population was younger—by an average of 8.2 years—and growing rapidly in large urban areas, with a 12.5% increase over the same period. The 2021 Census enumerated more than 1 million First Nations people, 624,220 Métis, and 70,545 Inuit (Figure 1).

**Figure 1: The Indigenous population in Canada**



Source: Statistics Canada, [Table 98-10-0264-01—Indigenous identity by Registered or Treaty Indian status and residence by Indigenous geography: Canada, provinces and territories.](#)

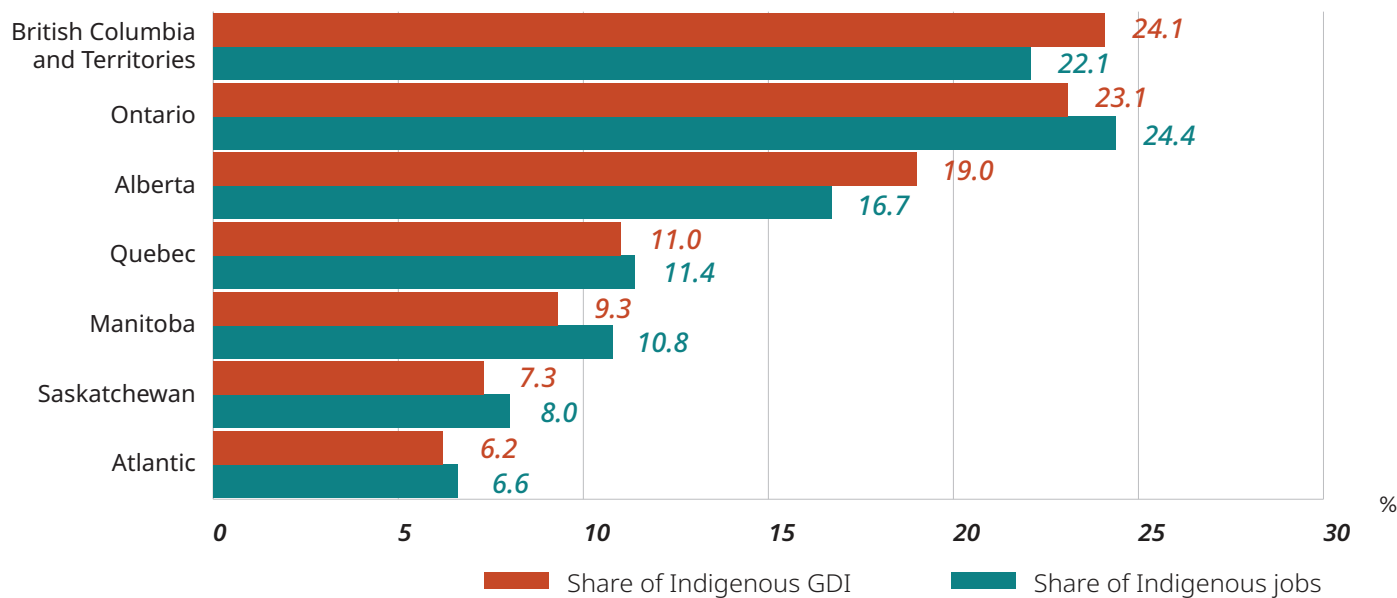
<sup>4</sup> See the [2021 Census of Population](#) from Statistics Canada for more details on Indigenous peoples.

In 2021, Ontario had the largest Indigenous population among all provinces and territories, with 406,590 individuals, representing 2.9% of the province’s population. British Columbia followed with 290,210 Indigenous people, making up 5.9% of its population. Alberta had 284,470 Indigenous residents, accounting for 6.8%, while Manitoba had 237,190 Indigenous people, comprising 18.1% of its population.

The GDI, also known as income-based gross domestic product, earned by Indigenous people (Indigenous GDI) reached \$60.2 billion in 2022, marking a 9.8% increase from 2021 (compared with 12.4% growth in Canadian GDI). Despite representing 5.0% of the population, Indigenous people contributed an estimated 2.3% to Canada’s GDI in 2022.<sup>5</sup> Since 2016, Indigenous GDI had increased by 44.7%, outpacing GDI growth in the total economy (+40.7%). Additionally, data from the 2023 *Survey on Financing and Growth of Small and Medium Enterprises* indicated that Indigenous-owned SMEs made up 1.5% of all SMEs in Canada, an increase from 1.4% in 2017 and 1.1% in 2020.<sup>6</sup>

In 2022, Indigenous people held approximately 866,550<sup>7</sup> jobs in Canada. Of this number, 75.5% worked in the private sector and 24.5% were employed in the public sector.<sup>8</sup> This private sector generated \$41.9 billion, which accounted for nearly 71.4% of Indigenous GDI. Regionally, Figure 2 highlights that Indigenous private sector activities were concentrated in the western provinces and the territories. Manitoba, Saskatchewan, Alberta, British Columbia, and the territories collectively accounted for 59.7% of Indigenous GDI and 57.7% of private sector workforce, reflecting regional population distribution patterns.

**Figure 2: Regional distribution of share of Indigenous gross domestic income and jobs in private sector, 2022**



Sources: Statistics Canada, [Table 36-10-0695-01—Gross domestic income attributable to Indigenous people by industry](#); and ISED calculations.

5 Source: [Statistics Canada, Indigenous Peoples Economic Accounts \(Ayotte and Bridger 2022\)](#) for methodology and [Table 36-10-0695-01](#) for more recent data on Indigenous GDI.

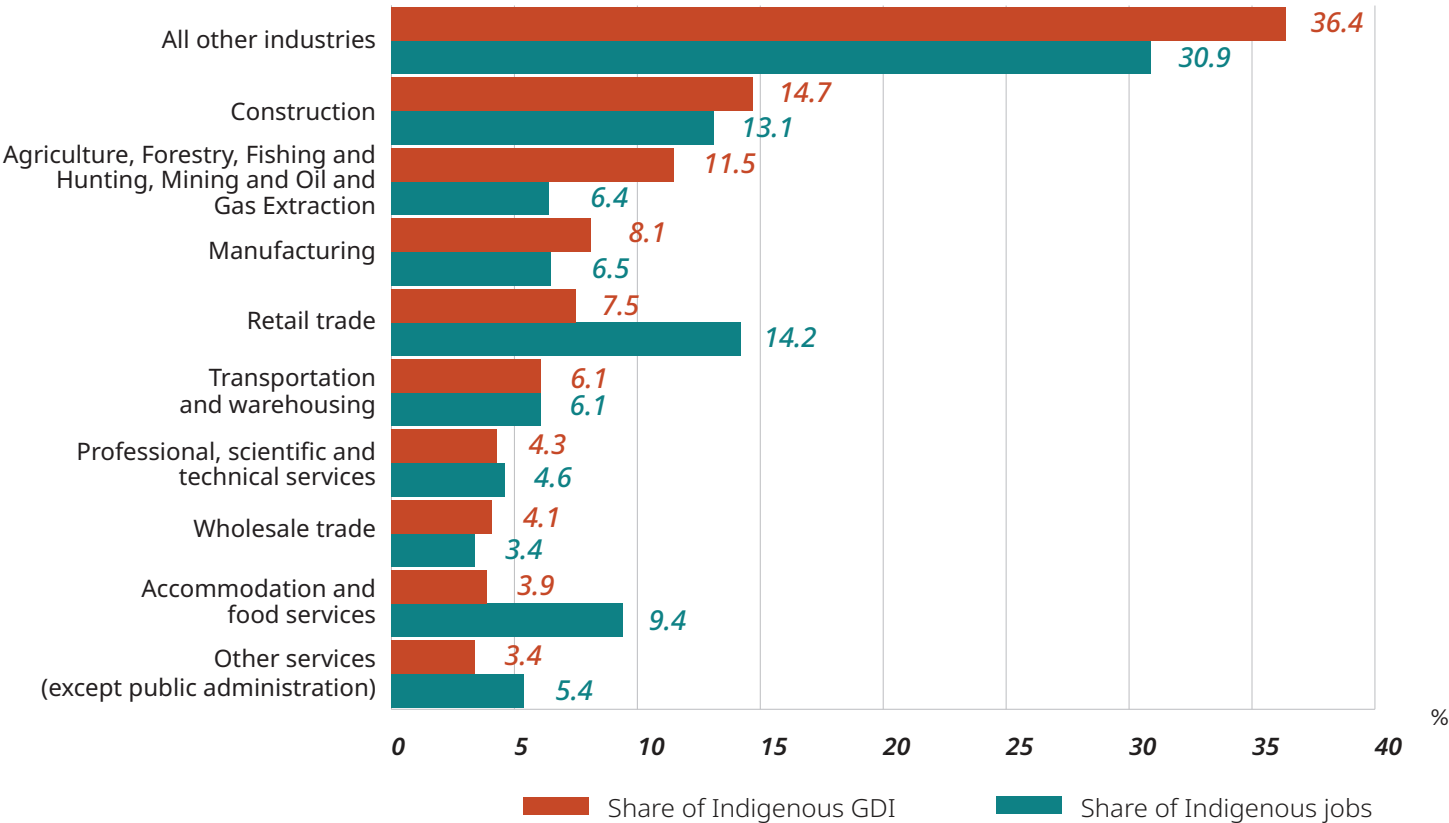
6 Note that because the survey was not explicitly designed for comparisons across time or survey iterations such comparisons should be made with caution. In particular, it is difficult to disentangle real changes from changes due to methodology or to sampling error.

7 Note that the data excluded the finance and insurance sectors (NAICS 52) and the management of companies and enterprises sectors (NAICS 55). These sectors accounted for 19,305 jobs held by Indigenous people in 2022.

8 Public employees are defined as individuals working in the utilities industry (NAICS 22), educational services (NAICS 61), and public administration industries (NAICS 91). Due to insufficient industry-level details, health care and social assistance (Indigenous GDI: \$6 billion; jobs: 121,915) is categorized under the private sector in this analysis.

Figure 3 illustrates that the private sector’s economic activity was primarily driven by firms in the following sectors (collectively referred to as “all other industries”): Information and cultural industries; real estate and rental and leasing; administrative and support, waste management and remediation services; health care and social assistance; and arts, entertainment and recreation<sup>9</sup> (36.4% of Indigenous GDI generated by private sector), construction (14.7%) and primary sectors (11.5%). However, Figure 3 highlights disparities in private sector between the share of Indigenous GDI and employment across various industries. For example, the retail trade sector comprised 14.2% of Indigenous employment but only 7.5% of GDI in 2022. In contrast, sectors such as agriculture, forestry, fishing and hunting; and mining, and oil and gas extraction contributed substantially to GDI (11.5%) even though they employ a smaller proportion of Indigenous workers (6.4%). Construction stood out as a crucial sector, with a balanced share of GDI (14.7%) and employment (13.1%). Professional, scientific and technical services showed underrepresentation (GDI 4.3%, jobs 4.6%), whereas the transportation and warehousing sector demonstrated a proportional contribution to both GDI (6.1%) and employment (6.1%).<sup>10</sup>

**Figure 3: Industrial composition of share of gross domestic income and share of jobs in private sector, 2022**



Note: “All other industries” includes the following industries: information and cultural industries; real estate and rental and leasing; administrative and support, waste management and remediation services; health care and social assistance; and arts, entertainment and recreation.  
 Sources: Statistics Canada, Table 36-10-0695-01—Gross domestic income attributable to Indigenous people by industry; and ISED calculations.

<sup>9</sup> The “all other industries” includes specific sectors based on the 2022 North American Industry Classification System (NAICS): NAICS 51, NAICS 53, NAICS 56, NAICS 62, NAICS 71. The categorization of sectors follows the classification adopted in the 2023 Survey on Financing and Growth of Small and Medium Enterprises to ensure consistency with the rest of the analysis.

<sup>10</sup> For more details on macroeconomic profile of the Indigenous economy in Canada, see the Bank of Canada report [here](#).

## 2. DATA AND DEFINITION

The 2023 *Survey on Financing and Growth of Small and Medium Enterprises* was designed to understand the types of financing used by SMEs and to collect information on recent attempts by SMEs to obtain new financing. Furthermore, the survey collected data on obstacles to growth, business ownership characteristics, innovation and intellectual property.

The target population for the survey was private-sector, for-profit, SMEs employing between 1 and 499 people and generating over \$30,000 in annual revenues in 2023.

The target base population of over 900,000 SMEs was stratified by geography, employment and industry, with random samples selected from these strata in order to generate representative estimates. The survey was conducted by Statistics Canada from February to June 2024. The base sample size was 22,084 SMEs. For the main population, the response rate was computed as 52.4%.<sup>11</sup>

For the first time, the *Survey on Financing and Growth of Small and Medium Enterprises* oversampled Indigenous entrepreneurs through an innovative linkage of the Business Register with administrative information on business owners, as well as multiple census cycles and other sources, allowing for the inclusion of an Indigenous identity indicator in business ownership data.<sup>12</sup>

*The key terms used throughout the report are defined as follows:*

- The term “Indigenous peoples” refers to three groups—First Nations people, Métis and Inuit—who are recognized in the *Constitution Act*;
- Indigenous-owned SME is defined as an SME which has at least 51 percent Indigenous (First Nations, Métis, Inuit, and mixed identities) ownership; and
- Indigenous owner is an employer and is defined as an Indigenous entrepreneur that owns an SME.

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<sup>11</sup> See the methodology report [here](#) and questionnaire [here](#) for more details.

<sup>12</sup> In particular, the oversampling approach used for the Survey was similar to that outlined in [this Statistics Canada report](#).

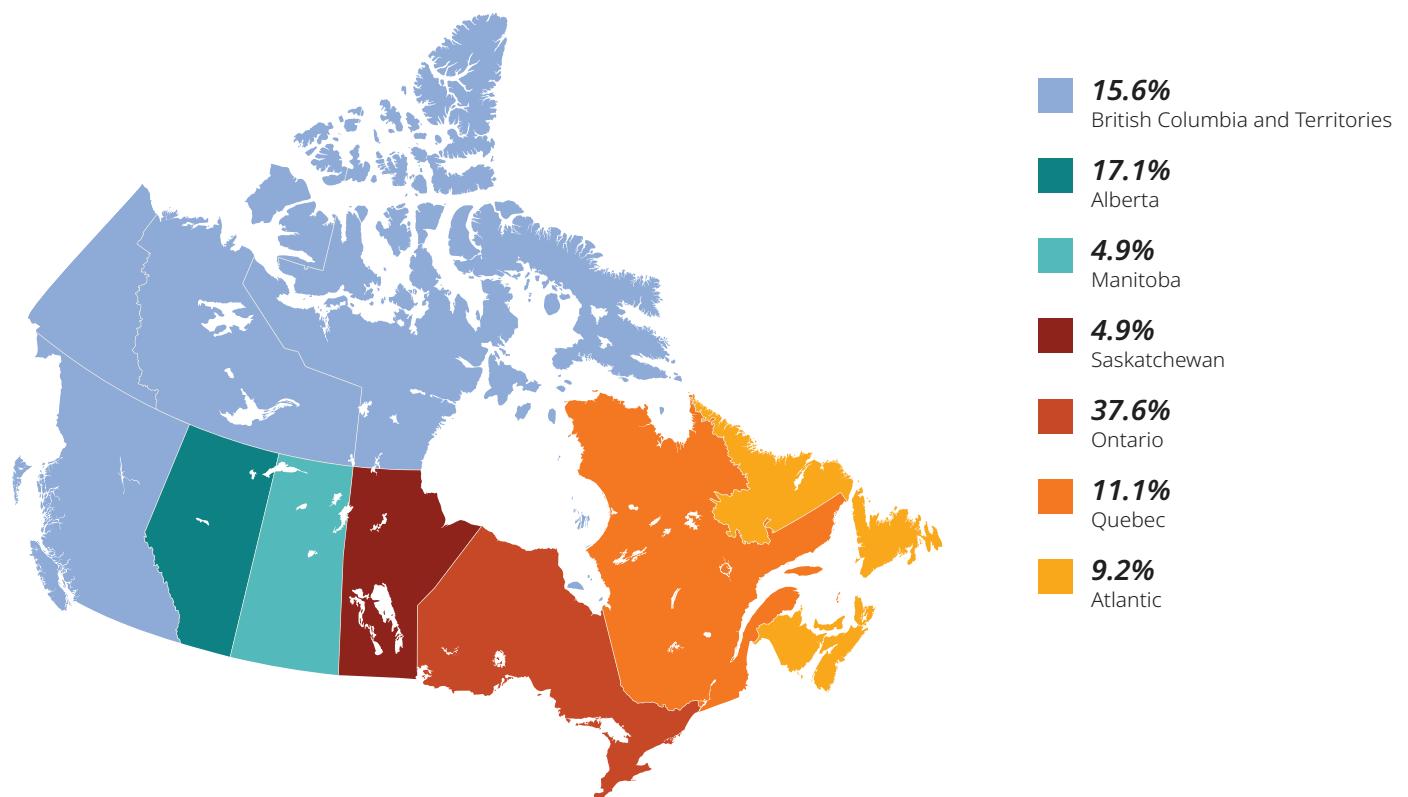
# 3. INDUSTRIAL CHARACTERISTICS

The 2023 *Survey on Financing and Growth of Small and Medium Enterprises* reveals distinct differences in the industrial distribution of Indigenous-owned SMEs compared with all SMEs.

## 3.1. Geographic distribution

In 2023, Indigenous-owned SMEs were primarily concentrated in central and western Canada, especially in Ontario (38.3%) and Alberta (17.1%), showing distinct geographic distribution differences compared to all SMEs. Ontario accounted for the largest share of Indigenous-owned SMEs (37.6%), closely aligning with all SMEs (38.3%). Alberta had the second-highest concentration of Indigenous-owned SMEs, with a higher share (17.1%) than that of all SMEs (13.0%). Indigenous-owned SMEs were slightly less concentrated in British Columbia and Territories (15.6%) compared with all SMEs (15.9%). In contrast, Quebec had a lower proportion of Indigenous-owned SMEs (11.1%) relative to all SMEs (21.2%). In the remaining provinces, Indigenous-owned SMEs represented a higher share than all SMEs, although each accounted for less than 10% of the total. Overall, these patterns indicated a greater concentration of Indigenous-owned SMEs in central and western Canada.

**Figure 4: Regional distribution of Indigenous-owned SMEs, % of businesses**



Sources: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2023; and ISED calculations.

## 3.2. Sectorial distribution

Indigenous-owned SMEs were more concentrated in the primary (8.1%) and construction (22.5%) sectors, while being underrepresented in service-oriented sectors. Compared with all SMEs, Indigenous-owned SMEs had higher representation in sectors such as construction (22.5% versus 16.4%), agriculture, forestry, fishing and hunting; and mining and oil and gas extraction (8.1% versus 5.6%) and manufacturing (5.7% versus 5.1%).

In contrast, Indigenous-owned SMEs were underrepresented in service-oriented and consumer-facing industries. Retail trade accounts for 7.5% of Indigenous-owned SMEs, compared with 10.5% of all SMEs. In all other industries—such as information and cultural industries, real estate, administrative and support services, healthcare, and arts and entertainment—Indigenous-owned SMEs constituted 18.2%, compared with 21.4% of all SMEs. However, they were more prominent in “other services” (13.3% versus 6.5%).

**Table 1: Industrial distribution of Indigenous-owned SMEs**

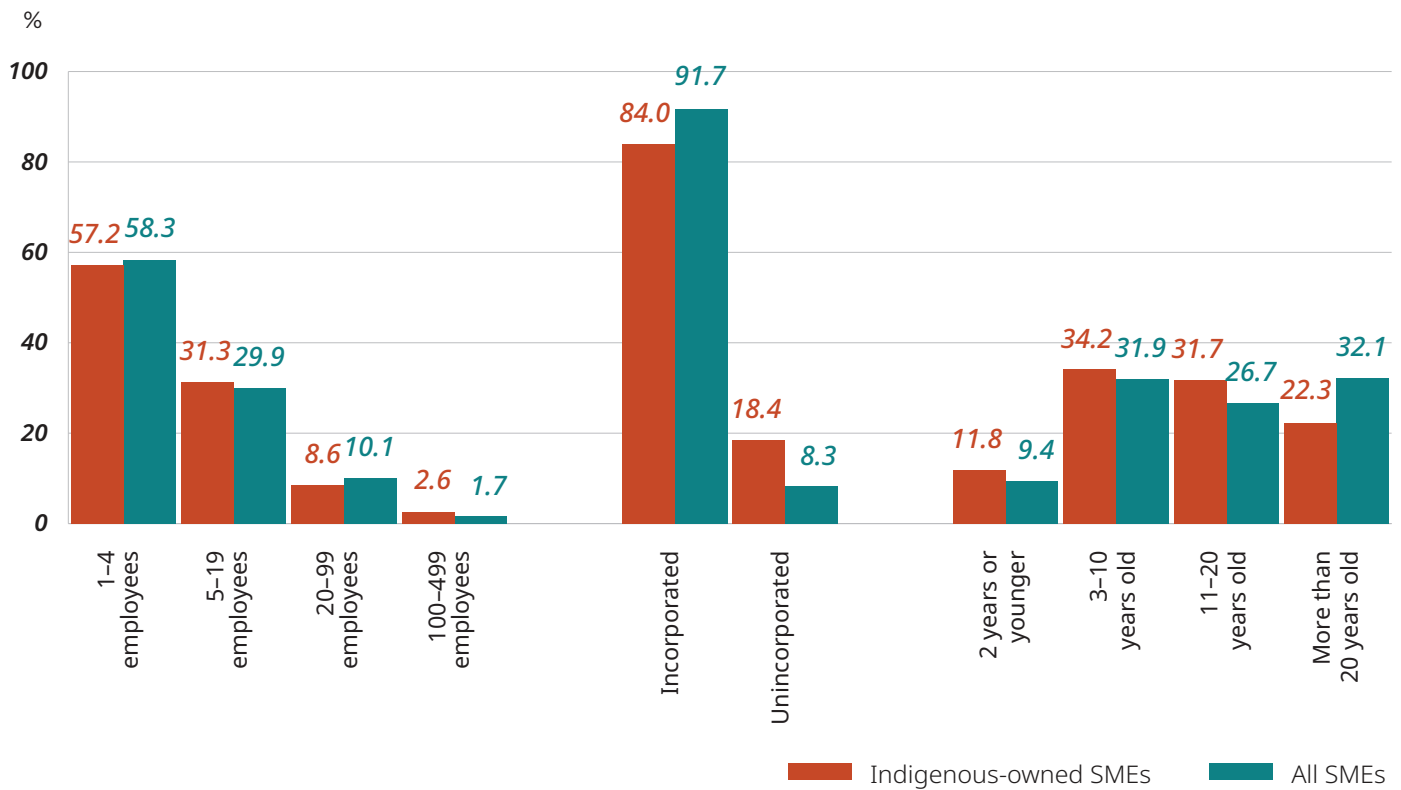
Industry	Indigenous-owned SMEs	All SMEs
	(%)	(%)
Construction	22.5	16.4
All other industries	18.2	21.4
Professional, scientific and technical services	12.9	15.1
Other services	13.3	6.5
Agriculture, forestry, fishing and hunting; and mining and oil and gas extraction	8.1	5.6
Retail trade	7.5	10.5
Manufacturing	5.7	5.1
Transportation and warehousing	5.3	7.4
Accommodation and food Services	5.0	7.6
Wholesale trade	2.5	4.3

Note: Totals may not add up to the sum of all categories due to rounding.  
Sources: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2023; and ISED calculations.

### 3.3. Size, age and legal status

Indigenous-owned SMEs tended to be younger, e.g., 22.3% had operated for over 20 years, compared with 32.1% of all SMEs; likewise, fewer were incorporated than all SMEs. In 2023, 88.5% of Indigenous-owned SMEs employed fewer than 20 employees, closely aligning with the 88.2% for all SMEs. However, a smaller proportion were incorporated (84.0% versus 91.7% for all SMEs). Additionally, Indigenous-owned SMEs tended to be younger: 46.0% were less than 10 years old, compared with 41.3% of all SMEs, while only 22.3% had operated for over 20 years, compared with 32.1% of all SMEs.

**Figure 5: Industrial characteristics of Indigenous-owned SMEs, % of businesses**



Sources: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2023; and ISED calculations.

### 3.4. Financial performance

Indigenous-owned SMEs operated on a smaller financial scale in 2023 but reported lower average pre-tax losses than all SMEs. Their average annual revenues reached approximately \$2.5 million, compared with \$3.5 million for all SMEs.<sup>13</sup> Similarly, average expenses (i.e., cost of sales and operating expenses) for Indigenous-owned SMEs were \$2.7 million, lower than the \$4.1 million reported by all SMEs. Indigenous-owned SMEs recorded smaller average pre-tax losses of \$216,930, compared with \$614,058 for all SMEs.

The value of assets and liabilities also reflected differences in scale. Indigenous-owned SMEs held an average of \$2.2 million in assets, compared with \$3.4 million for all SMEs. Their average liabilities were \$1.2 million, lower than the \$2.0 million reported for all SMEs.

**Table 2: Financial overview of Indigenous-owned SMEs (\$ value)**

	Revenues	Expenses	Pre-tax profit/loss	Assets	Liabilities
	(\$)	(\$)	(\$)	(\$)	(\$)
Indigenous-owned SMEs	2,529,342	2,746,271	-216,930	2,185,439	1,197,525
All SMEs	3,474,110	4,088,169	-614,058	3,413,096	1,965,983

Sources: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2023; and ISED calculations.

## 4. OWNER CHARACTERISTICS

Table 3 describes the distribution of Indigenous-owned and all SMEs by various characteristics, including gender of ownership, age of primary decision maker,<sup>14</sup> level of education of primary decision maker, experience in management and ownership of primary decision maker and other ownership characteristics such as member in same family, person(s) with disability, non-binary and 2SLGBTQ+ entrepreneurs.

<sup>13</sup> Note that Table 2 presents income statement indicators exclusively for incorporated enterprises with complete tax data, representing 89.8% of all SMEs. Notably, a significant proportion of Indigenous SMEs are unincorporated and thus excluded from this analysis.

<sup>14</sup> A primary decision maker is defined as the person primarily responsible for making decisions about their business and generally presumes the role of majority owner, chairperson of the board of directors, president or general manager.

**Table 3: Distribution of Indigenous-owned businesses**

Characteristics	Indigenous-owned SMEs	All SMEs
	(%)	(%)
Gender		
<i>Majority owned by men</i>	52.2	64.9
<i>Equally owned</i>	17.4	17.2
<i>Majority owned by women</i>	30.4	17.8
Age of primary decision maker		
<i>Less than 30 years old</i>	0.5	1.5
<i>30 to 39 years old</i>	23.2	13.0
<i>40 to 49 years old</i>	26.7	25.0
<i>50 to 64 years old</i>	38.1	45.9
<i>65+ years old</i>	11.5	14.6
Level of education of primary decision maker		
<i>Less than high school diploma</i>	12.5	7.1
<i>High school diploma</i>	27.8	18.6
<i>College, CEGEP, trade school diploma</i>	31.6	29.9
<i>Bachelor's degree</i>	19.5	24.7
<i>Master's degree and above</i>	8.7	19.8
Years of experience managing or owning a business, primary decision maker		
<i>Less than 5 years</i>	11.3	5.5
<i>5 to 10 years</i>	20.8	19.9

<i>More than 10 years</i>	67.9	74.6
Other owner characteristics		
<i>Person(s) with a disability</i>	7.9	1.2
<i>Non-binary</i>	6.9	0.4
<i>2SLGBTQ+</i>	8.1	1.5
<i>Members of same family</i>	35.0	24.9

Sources: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2023; and ISED calculations.

### ***Indigenous-owned SMEs were more likely than all SMEs to be majority-owned by women.***

In 2023, the proportion of majority male-owned businesses was lower among Indigenous-owned SMEs (52.2%) compared with all SMEs (64.9%). In contrast, the share of majority women-owned businesses was higher among Indigenous-owned SMEs (30.4%) than among all SMEs (17.8%). Moreover, the proportion of businesses equally owned by men and women was similar between Indigenous-owned SMEs (17.4%) and all SMEs (17.2%).

Indigenous-owned SMEs were more likely than all SMEs to be led by young entrepreneurs. The distribution of businesses by the age of the primary owner reveals differences between Indigenous-owned SMEs and all SMEs. Businesses primarily owned by individuals aged 40 to 49 or 50 to 64 represented the largest share, comprising 64.8% of Indigenous-owned SMEs and 70.9% of all SMEs.

However, Indigenous-owned businesses were more likely to be owned by younger entrepreneurs (under 40 years old) and less likely to be owned by older entrepreneurs (65 years old and over) compared with all SMEs.

Indigenous-owned SMEs were more likely to have owners with lower levels of education and less entrepreneurial experience. Educational attainment among Indigenous owners was lower, with 12.5% lacking a high school diploma (versus 7.1% for all SMEs) and only 8.7% holding a master's degree or higher (versus 19.8% for all SMEs). Additionally, business management experience was also less extensive among Indigenous-owned SMEs, with 67.9% having more than 10 years of experience, compared with 74.6% for all SMEs.

Indigenous-owned SMEs tended to have a more diverse ownership profile, including a higher representation of person(s) with a disability, non-binary and 2SLGBTQ+ entrepreneurs. Indigenous-owned SMEs showed greater diversity in ownership identity: 7.9% were owned by persons with disabilities (versus 1.2% for all SMEs), 6.9% by non-binary individuals (versus 0.4%), and 8.1% by 2SLGBTQ+ individuals (versus 1.5%).

# 5. GROWTH CHARACTERISTICS

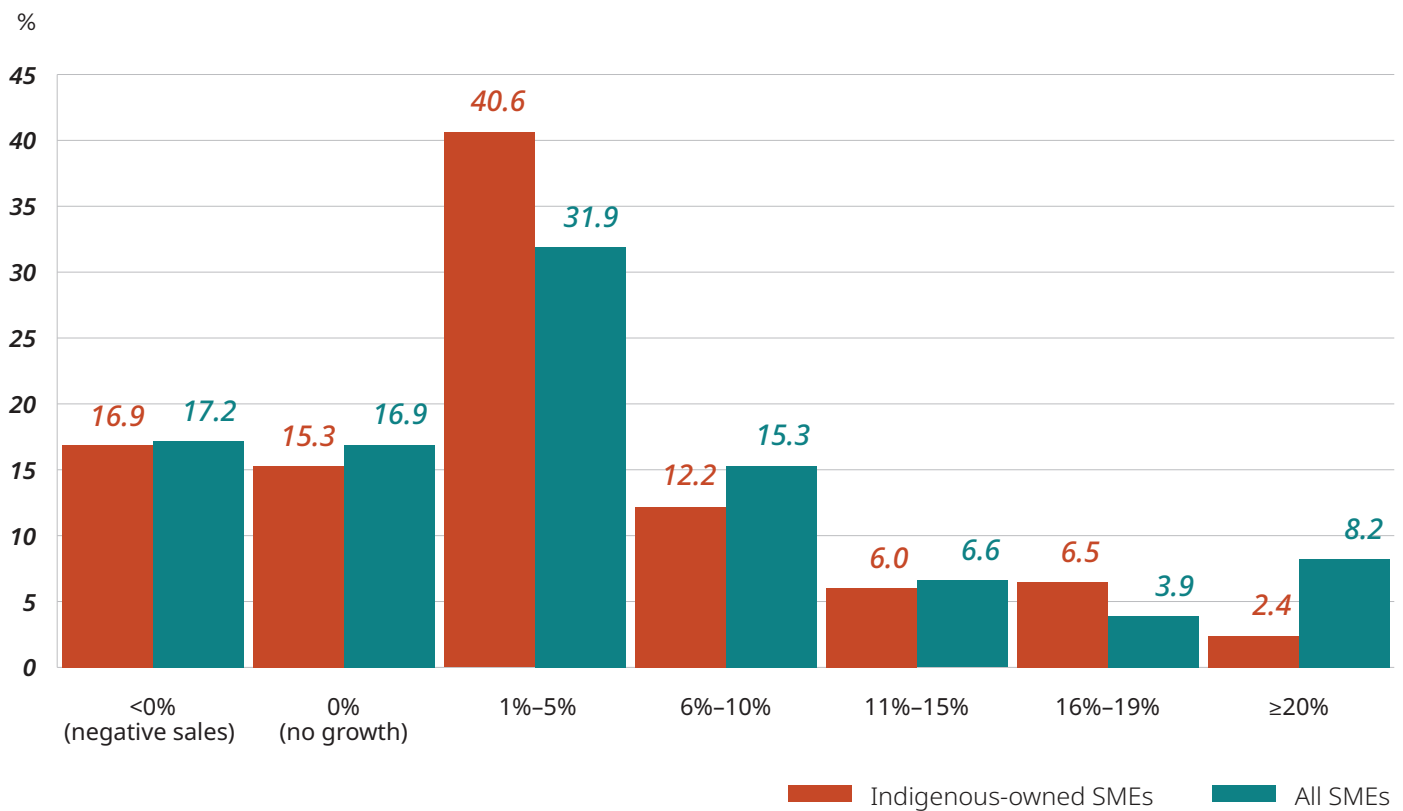
Figure 6 depicts the average yearly growth in sales of Indigenous-owned and all SMEs between 2021 and 2023.

## 5.1. Average annual growth in sales

Indigenous-owned SMEs were more likely than all SMEs to report positive growth in sales between 2021 and 2023, though fewer reached high-growth thresholds. During this period, 67.8% reported positive annual growth in sales, compared with 65.9% of all SMEs. The largest share of Indigenous-owned SMEs (40.6%) experienced growth between 1% and 5% annually, while 2.4% achieved growth exceeding 20%, compared with 8.2% of all SMEs with growth of 20% or more.

Sales declined for 16.9% of Indigenous-owned SMEs, and 15.3% reported no growth—rates slightly better than the 17.2% decline and 16.9% no-growth figures for all SMEs.

**Figure 6: Average yearly growth in sales or revenues, % of businesses**

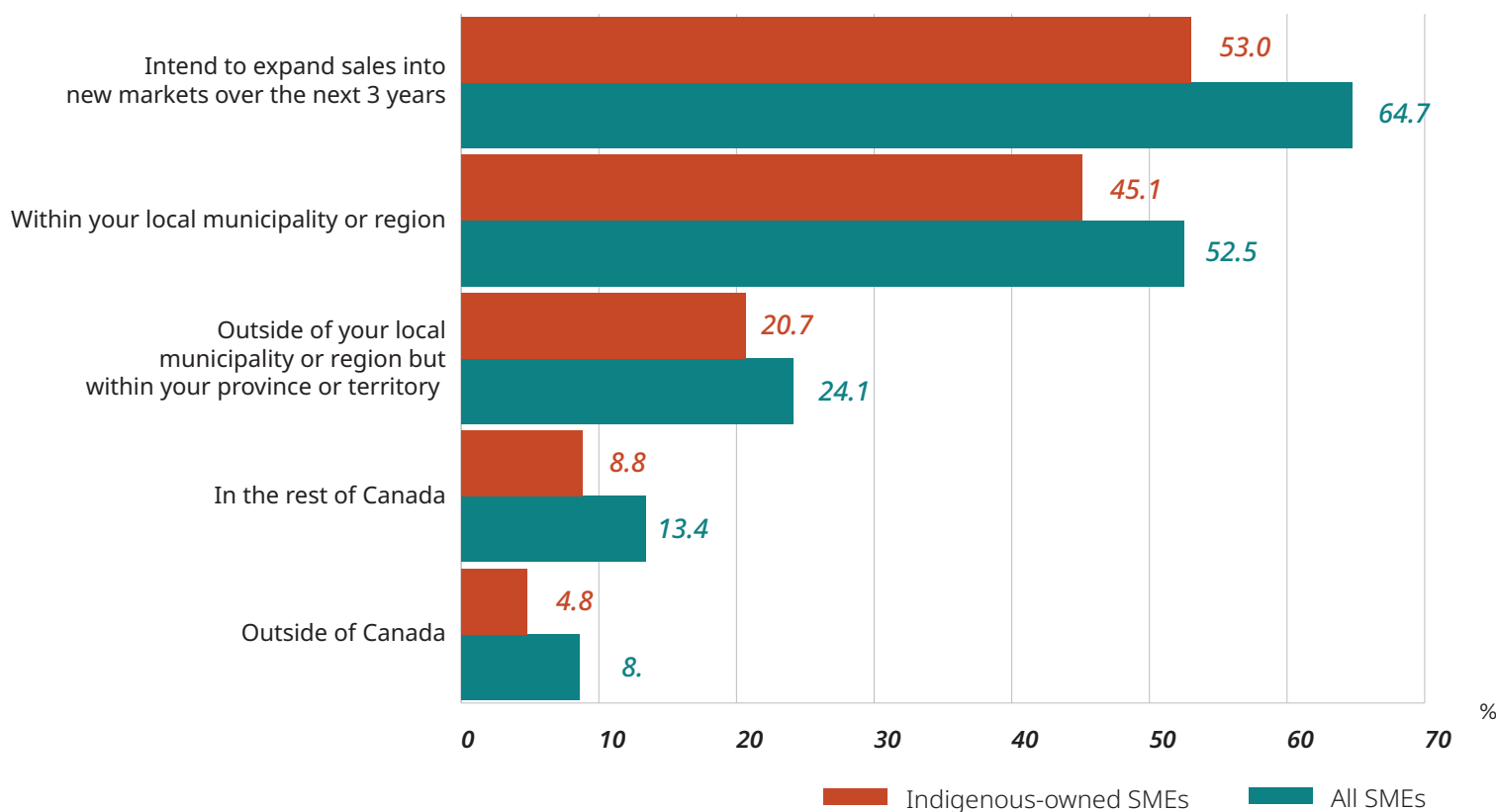


Sources: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2023; and ISED calculations.

## 5.2. Intention to expand sales

Indigenous-owned SMEs were less likely than all SMEs to pursue market expansion between 2024 and 2026. About 53.0% of Indigenous-owned SMEs planned to expand into new markets, compared with 64.7% of all SMEs. Plans for interprovincial (8.8% versus 13.4%) and international (4.8% versus 8.6%) expansion were also less common among Indigenous-owned SMEs (Figure 7).

**Figure 7: Intention to expand into new markets between 2024 and 2026, % of businesses**



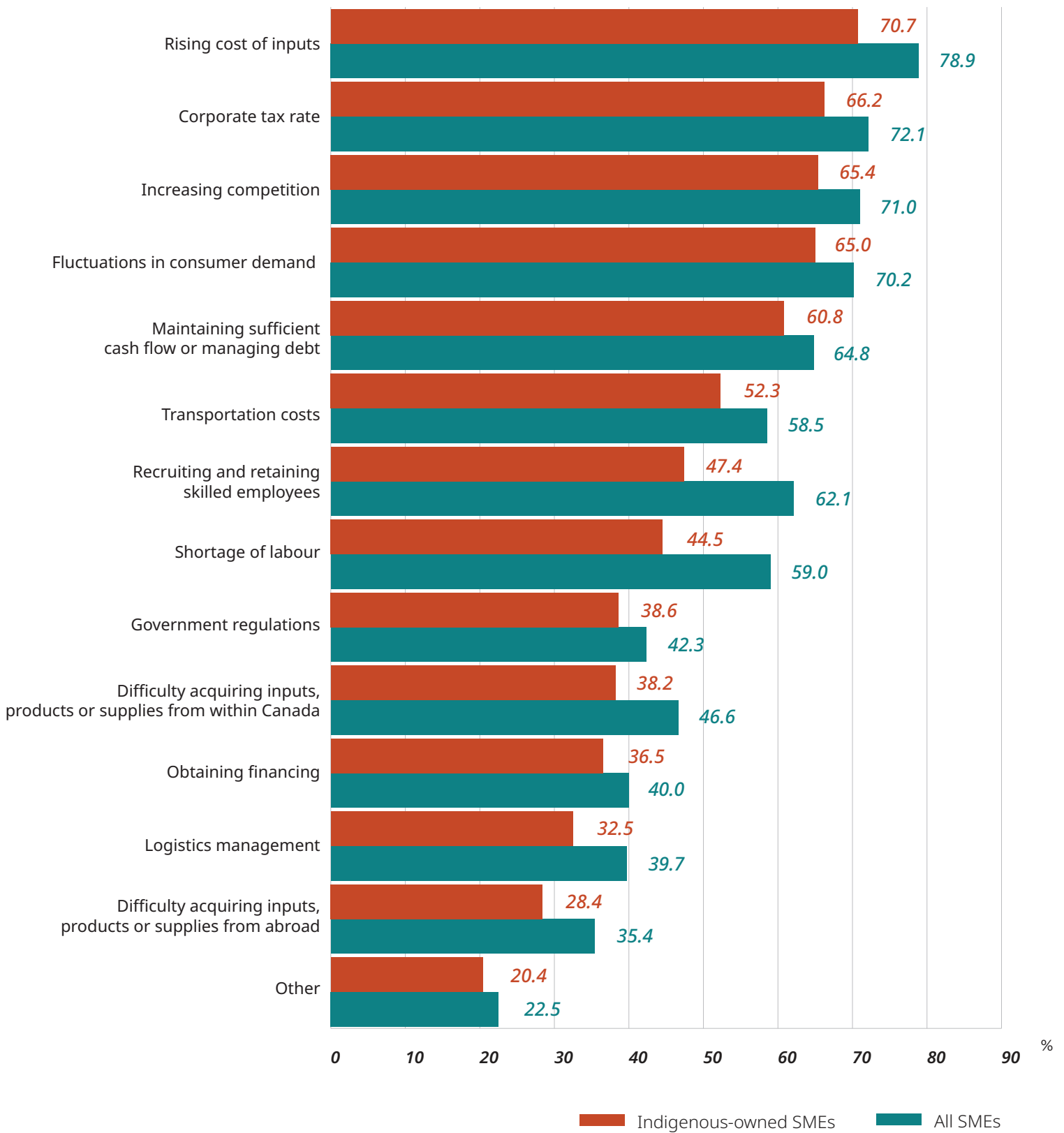
Sources: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2023; and ISED calculations.

## 5.3. Obstacles to growth

In 2023, Indigenous-owned SMEs identified the same primary growth obstacles, in the same order, as all SMEs, but a smaller proportion reported facing these challenges. The most common obstacles identified by Indigenous-owned SMEs was the rising input costs (70.7% versus 78.9%), the corporate tax rates (66.2% versus 72.1%), the increasing competition (65.4% versus 71.0%), and the fluctuations in consumer demand (65.0% versus 70.2%).

Other obstacles to growth included maintaining sufficient cash flow or managing debt (60.8% versus 64.8%), transportation costs (52.3% versus 58.5%), recruiting and retaining skilled employees (47.4% versus 62.1%), a shortage of labour (44.5% versus 59.0%), government regulations (38.6% versus 42.3%) and obtaining financing (36.5% versus 40.0%).

**Figure 8: Obstacles to growth faced by Indigenous-owned SMEs, % of businesses**



Note: The percentages of SMEs reporting obstacles in Figure 8 include those identifying growth obstacles as minor, moderate, or major.  
 Sources: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2023; and ISED calculations.

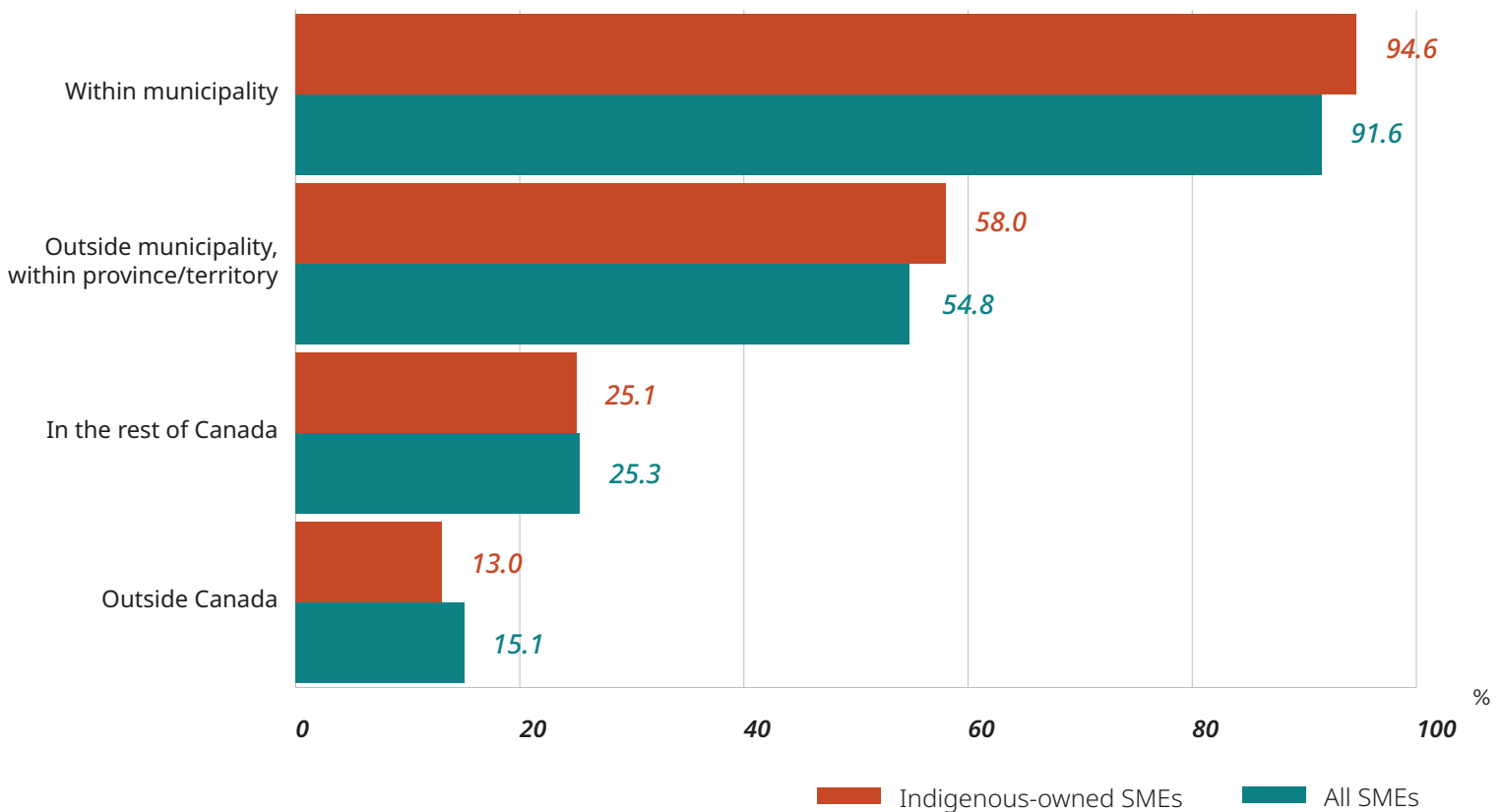
# 6. SALES BY DESTINATIONS AND INTERNATIONAL TRADE

This section examines the sales destinations of Indigenous SMEs and analyzes the composition of their exports across various markets.

## 6.1. Sales by destinations

In 2023, both Indigenous-owned SMEs and all SMEs showed similar sales distribution patterns across local, interprovincial, and international markets, with Indigenous-owned SMEs being slightly more likely to sell beyond local markets but less likely to engage in international trade. A total of 58.0% of Indigenous-owned SMEs reported sales outside their municipality or region, compared with 54.8% of all SMEs (Figure 9). About one-quarter of Indigenous-owned SMEs engaged in interprovincial trade—similar to all SMEs—while a smaller share reported international sales (13.0% versus 15.1%).

**Figure 9: Propensity of destination market sales of Indigenous SMEs, % of businesses**

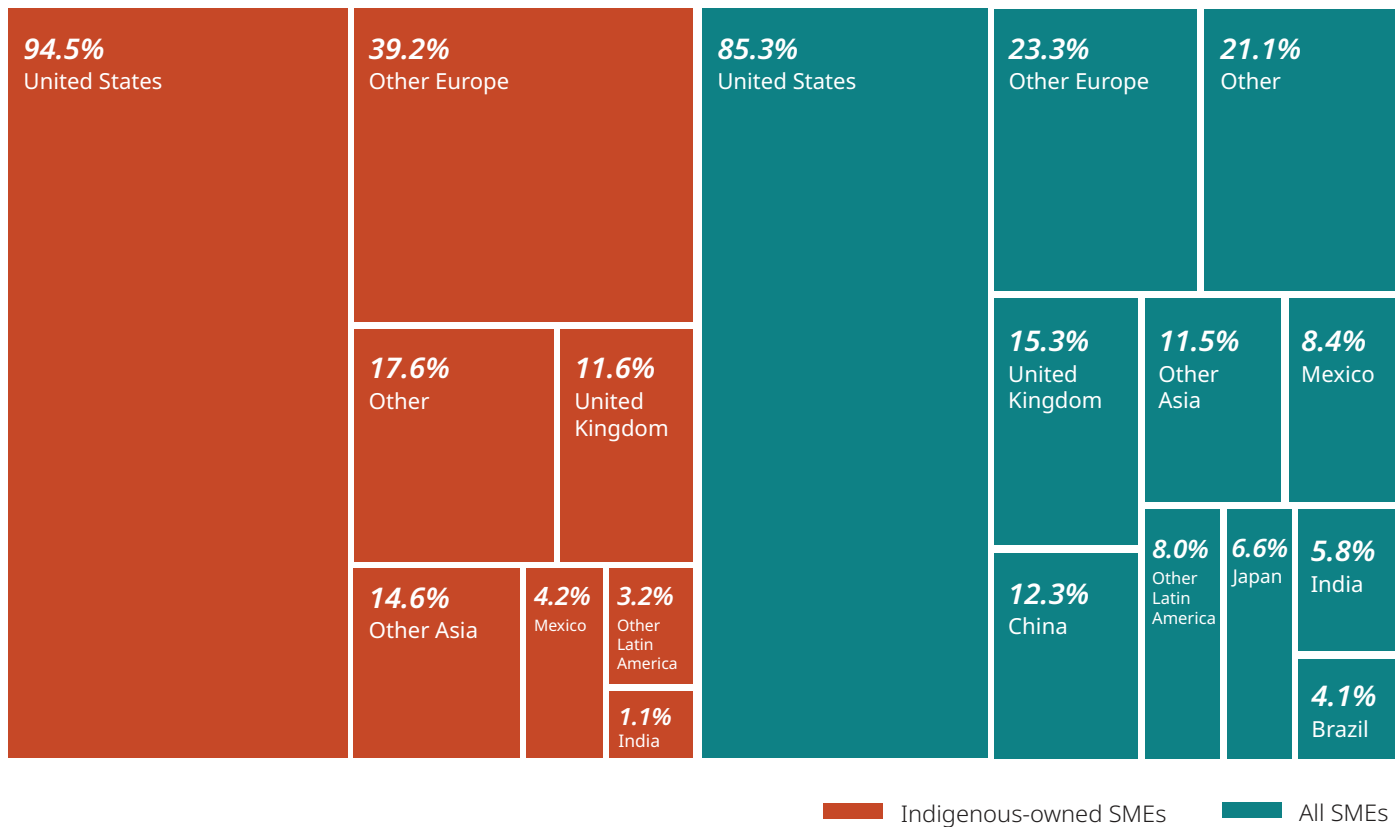


Sources: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2023; and ISED calculations.

## 6.2. International trade

Indigenous-owned SME exports in 2023 were heavily concentrated in the U.S. market, with distinct challenges limiting broader global reach. Among Indigenous exporters, 94.5% sold to the United States—higher than the 85.3% of all SMEs (Figure 10). Other destinations included other European countries (39.2%), other Asian countries (14.6%), the United Kingdom (11.6%), and Mexico (4.2%). Despite this, Indigenous exports remained less diversified globally with limited reach into emerging or more diverse global markets.

**Figure 10: Export destinations, % of exporters**

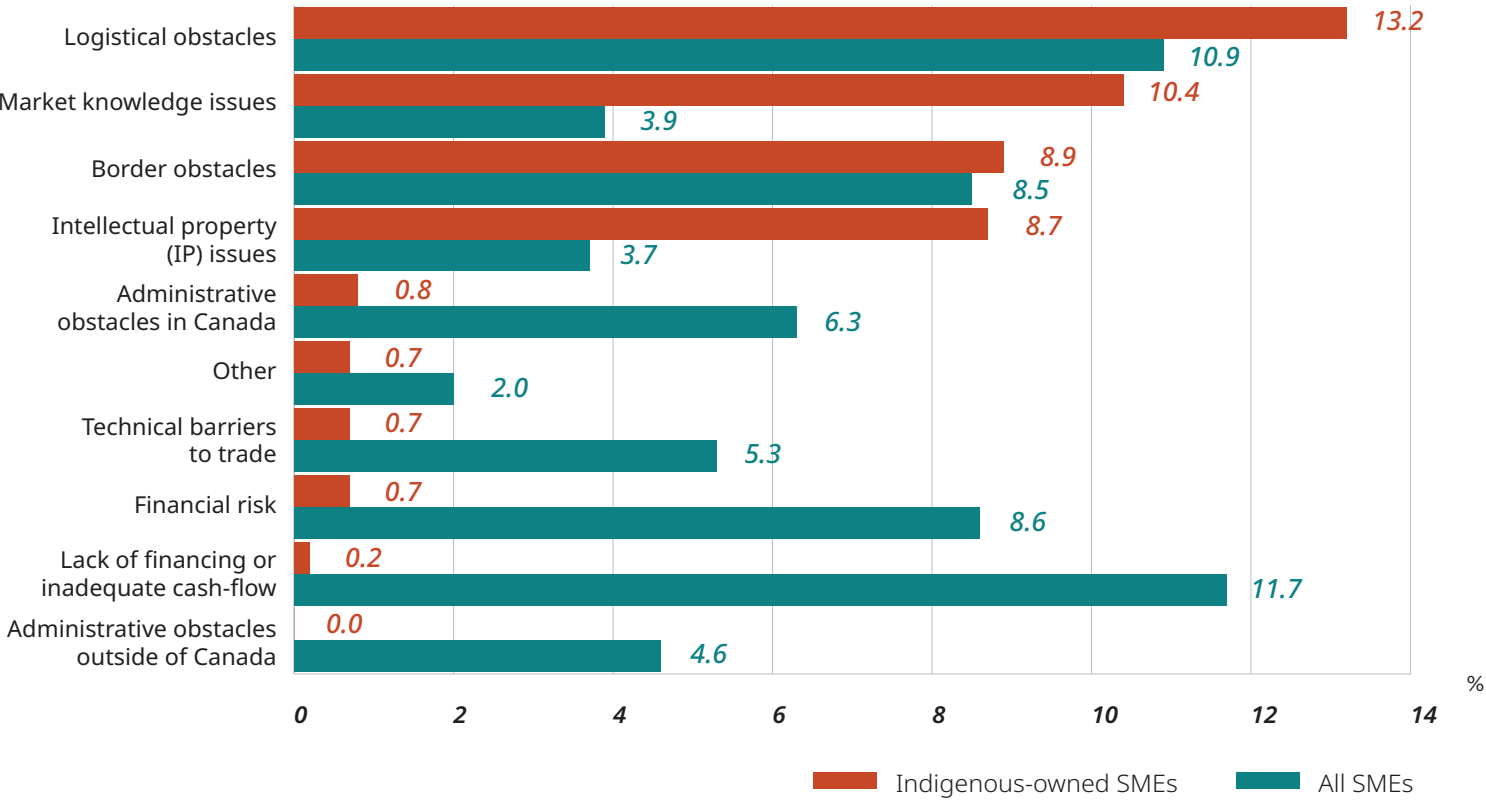


Notes: “Other European countries” excludes the United Kingdom; “Other Asian countries” excludes China, India, and Japan; and “Other Latin American countries” excludes Mexico and Brazil. For Indigenous-owned SMEs, exports to Japan, India, China, and Brazil each represented approximately less than 1% of export propensity and are therefore not represented in Figure 10.

Sources: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2023; and ISED calculations.

Indigenous-owned SMEs reported different major export obstacles than those reported by all SMEs (Figure 11). They were less likely to report administrative barriers, lack of financing, or financial risk as obstacles, but more frequently identified logistical obstacles (13.2% versus 10.9%), market knowledge issues (10.4% versus 3.9%), and intellectual property issues (8.7% versus 3.7%).

**Figure 11: Major obstacles to export, % of businesses**



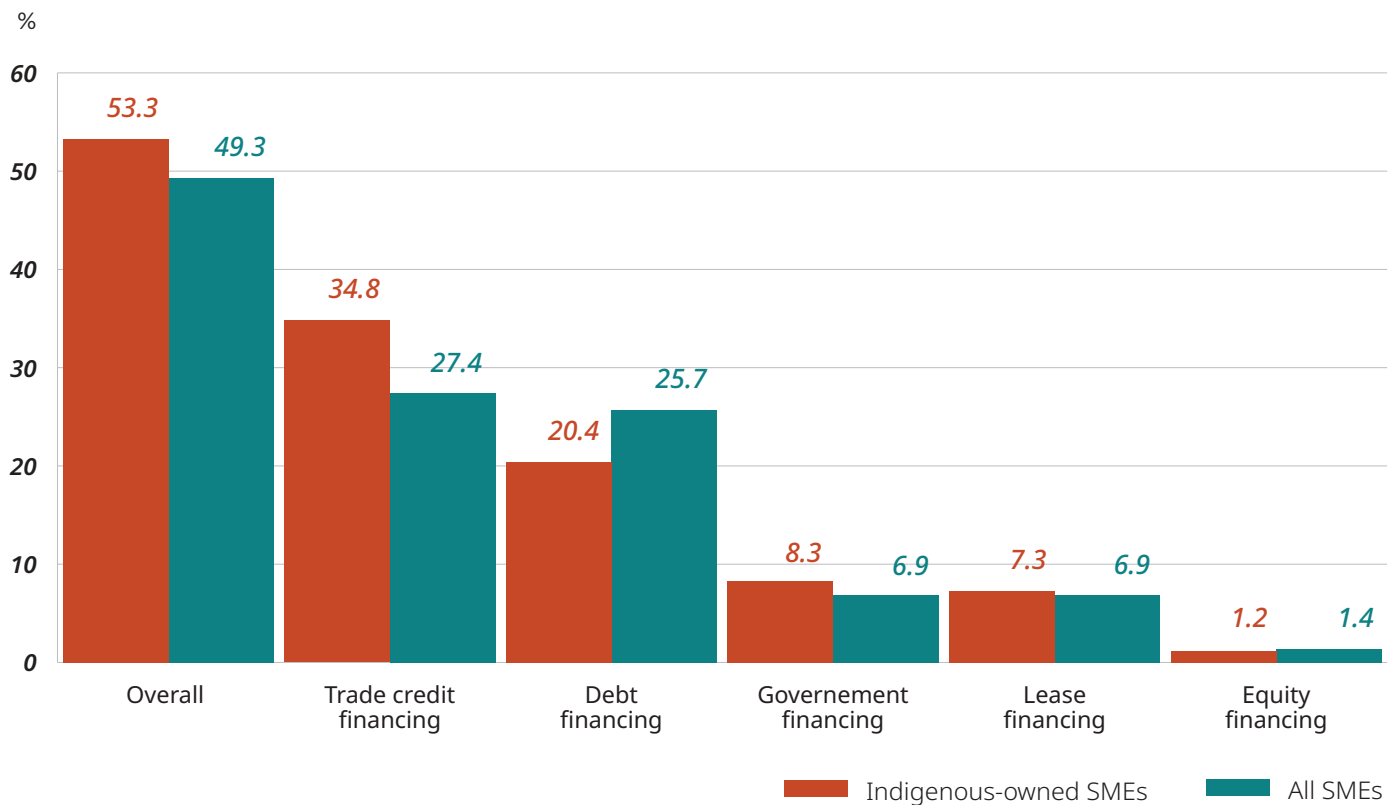
Sources: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2023; and ISED calculations.

# 7. FINANCING CHARACTERISTICS

## 7.1. Financial access

In 2023, Indigenous-owned SMEs were slightly more likely than all SMEs to seek external financing, with similar patterns in financing types and reasons for not applying. A total of 53.3% of Indigenous-owned SMEs submitted financing requests, compared with 49.3% of all SMEs (Figure 12). Trade credit was the most commonly requested financing type (34.8%), followed by debt financing (20.4%) and government financing (8.3%). Lease financing (7.3%) and equity financing (1.2%) were less frequently sought, aligning with trends observed among all SMEs.

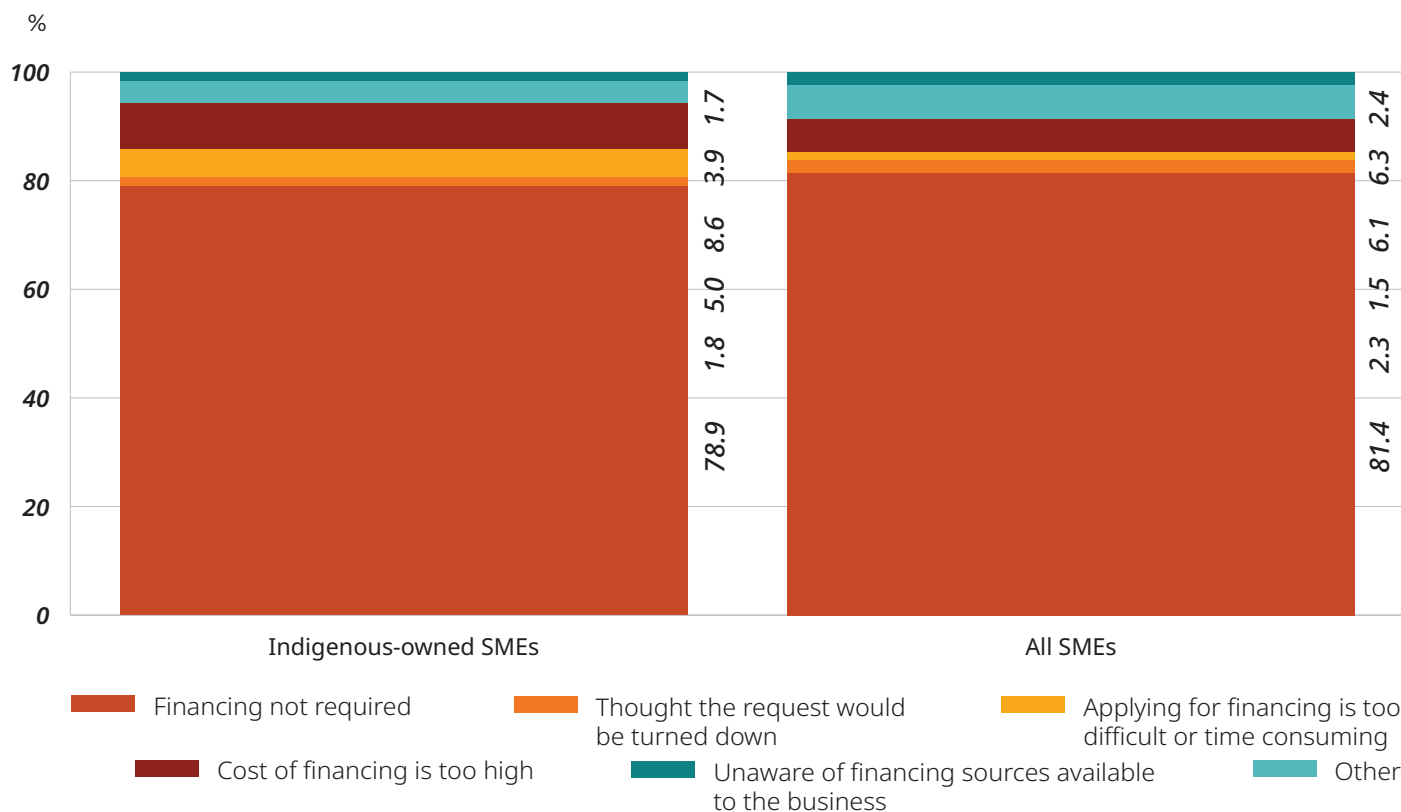
Figure 12: External financing requests by instrument type, % of businesses



Sources: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2023; and ISED calculations.

Among Indigenous-owned SMEs that did not request financing, 78.9% reported that they did not seek financing because financing was not needed, slightly below the 81.4% for all SMEs (Figure 13). Other reasons included concerns about the high cost of financing (8.6% versus 6.1% for all SMEs), the difficulties and time required to apply (5.0% versus 1.5%), lack of awareness of available financing sources (3.9% versus 6.3%) and the belief that their financing request would be denied (1.8% versus 2.3%).

**Figure 13: Reason for not requesting external financing, % of businesses**



Sources: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises, 2023*; and ISED calculations.

## 7.2. Debt financing

Indigenous-owned SMEs requested less debt financing in 2023 but reported higher approval rates for most instruments and focused more on operational and technology-related uses. Only 20.4% of Indigenous-owned SMEs requested debt financing, compared with 25.7% of all SMEs (Table 4).<sup>15</sup> Among debt financing instruments, Indigenous SMEs were less likely to request non-residential mortgages (1.5% versus 3.2%), lines of credit (9.4% versus 10.2%), term loans (6.8% versus 7.3%) and credit cards (10.5% versus 12.1%). Despite lower request rates, they reported higher approval rates for term loans (96.9%) and non-residential mortgages (100.0%), respectively, compared with 89.3% and 84.6% for all SMEs. However, approval for lines of credit was lower among Indigenous-owned SMEs (69.0%) than among all SMEs (80.3%). It is important to note that the data quality for this comparison is low, and the results should be interpreted with caution.

<sup>15</sup> According to the *Survey on Financing and Growth of Small and Medium Enterprises, 2023*, Indigenous-owned SMEs were more likely than all SMEs to rely on domestic chartered banks for debt financing (73.2% versus 68.5%). They were slightly less likely to use credit unions or caisses populaires (17.7% versus 20.6%) and government institutions (3.6% versus 9.4%). The use of online alternative lenders remained similarly low for both groups (2.1% for Indigenous-owned SMEs versus 2.2% for all SMEs).

**Table 4: Debt financing request and approval rate by instrument type, % of businesses**

Characteristics	Non-residential mortgage	Line of credit	Term Loan	Credit card	Overall
	(%)	(%)	(%)	(%)	(%)
Request rate					
<i>Indigenous-owned SMEs</i>	1.5	9.4	6.8	10.5	20.4
<i>All SMEs</i>	3.2	10.2	7.3	12.1	25.7
Overall approval rate*					
<i>Indigenous-owned SMEs</i>	100.0	69.0**	96.9	80.9	85.0
<i>All SMEs</i>	84.6	80.3	89.3	91.5	90.9
Total amount authorized-to-requested					
<i>Indigenous-owned SMEs</i>	100.0	97.8	99.3	81.6**	94.4
<i>All SMEs</i>	95.5	90.2	83.7**	94.2	86.4

Notes: \*Overall approval rates include both full and partial approvals

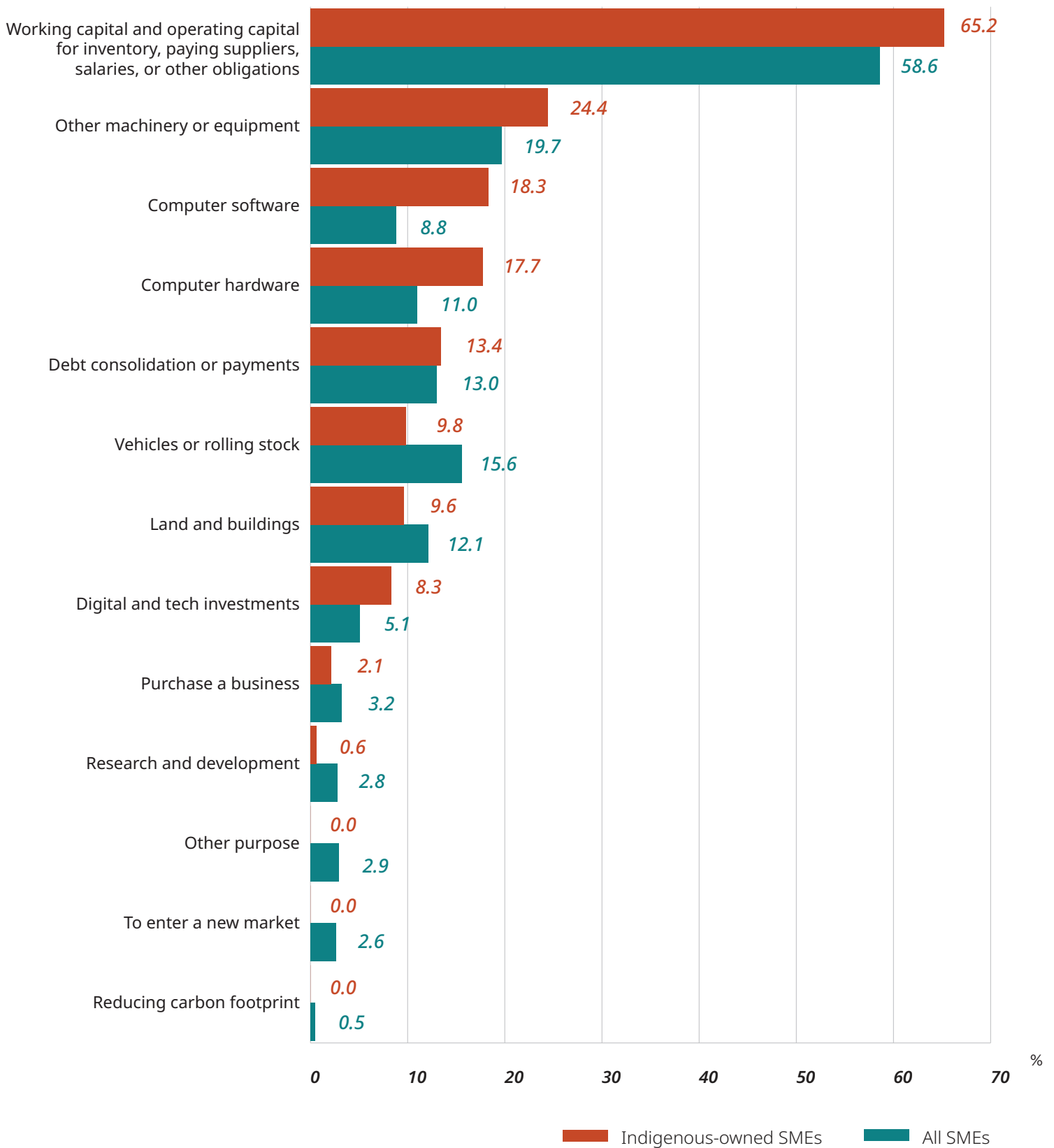
\*\* The data quality of these estimates is low and should be considered with caution.

Sources: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises, 2023*; and ISED calculations.

In 2023, 94.4% of the dollar amount of debt financing requested by Indigenous-owned SMEs was authorized compared with 86.4% by all SMEs, especially for term loans (99.3% for Indigenous-owned SMEs versus 83.7% for all SMEs) and lines of credit (97.8% versus 90.2%). Conversely, the amount authorized for credit cards was lower for Indigenous-owned SMEs (81.6%) than for all SMEs (94.2%). However, comparisons involving the amount authorized for term loans and credit cards should be interpreted cautiously due to the low quality of the data. Indigenous-owned SMEs primarily used debt financing for working capital (65.2%), machinery and equipment (24.4%) and computer software and hardware (18.3% and 17.7%) exceeding the rates among all SMEs (Figure 14).

In contrast, all SMEs were more likely to use financing for land and buildings (12.1% for all SMEs versus 9.6% for Indigenous-owned SMEs), vehicles (15.6% versus 9.8%), research and development (2.8% versus 0.6%), and entering new markets (2.6% versus 0.0%). Overall, Indigenous SMEs focused more on operational and tech-related needs, while all SMEs pursued a broader range of investment purposes.

**Figure 14: Intended use of debt financing, % of businesses**



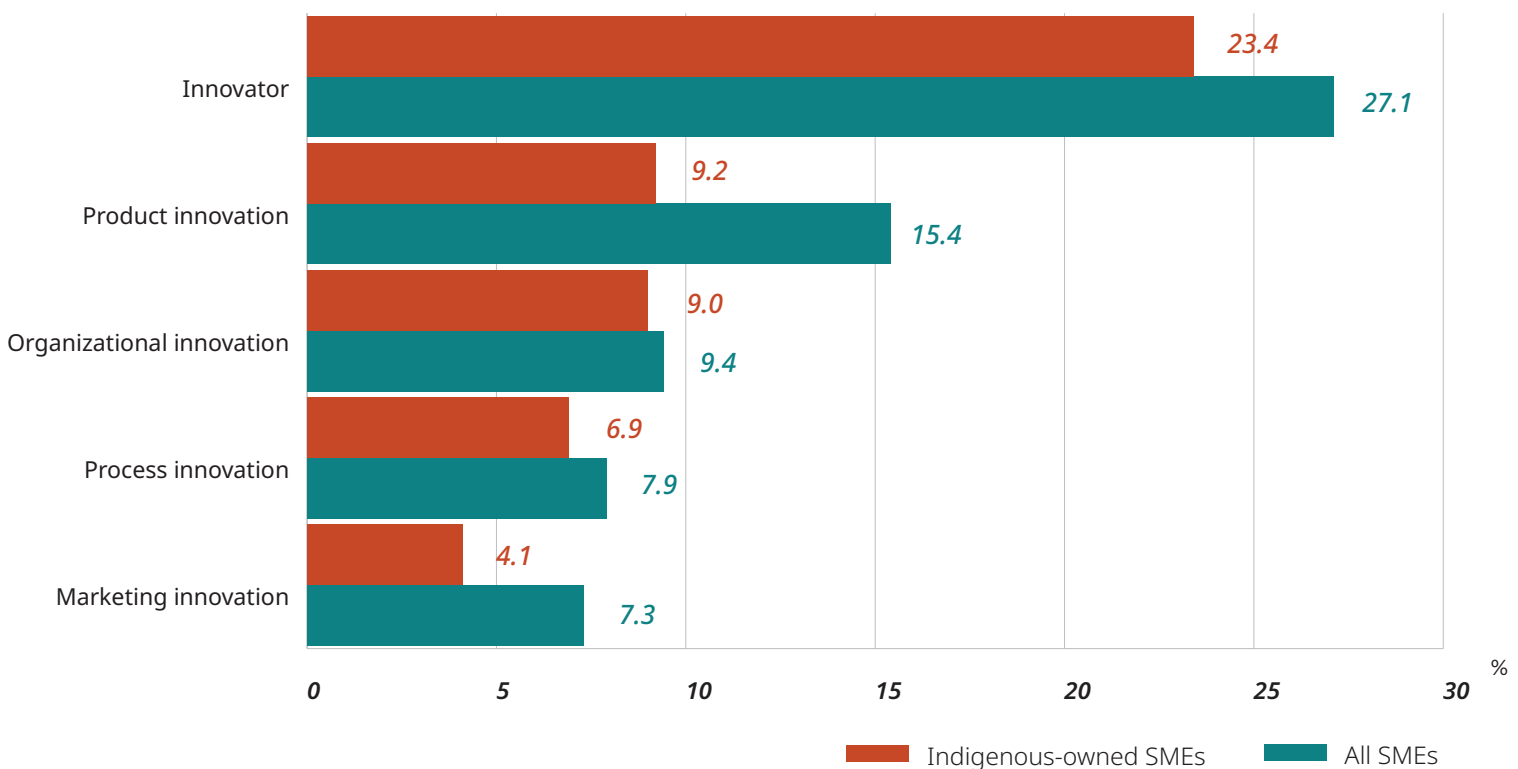
Sources: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2023; and ISED calculations.

# 8. INNOVATION ACTIVITIES<sup>16</sup> AND ONLINE PRESENCE

## 8.1. Propensity to innovate

Between 2021 and 2023, Indigenous-owned SMEs exhibited a similar pattern of innovation activities as all SMEs, though they were generally less likely to introduce innovations. Only 23.4% of Indigenous-owned SMEs introduced at least one type of innovation, below the 27.1% rate for all SMEs (Figure 15). Product innovation was the most common type of innovation among Indigenous-owned SMEs, reported by 9.2% compared with 15.4% of all SMEs. Similarly, approximately 9.0% of Indigenous-owned SMEs introduced an organizational innovation, slightly below the 9.4% reported by all SMEs. Overall, Indigenous-owned SMEs were less likely than all SMEs to introduce process and marketing innovations.

**Figure 15: Innovation propensity between 2021 and 2023 by type of innovation, % of businesses**



Note: Product innovation refers to a new or significantly improved good or service; process innovation involves a new or improved production or delivery method; organizational innovation relates to changes in business practices, workplace organization, or external relations; and marketing innovation refers to new ways of promoting or selling goods or services.

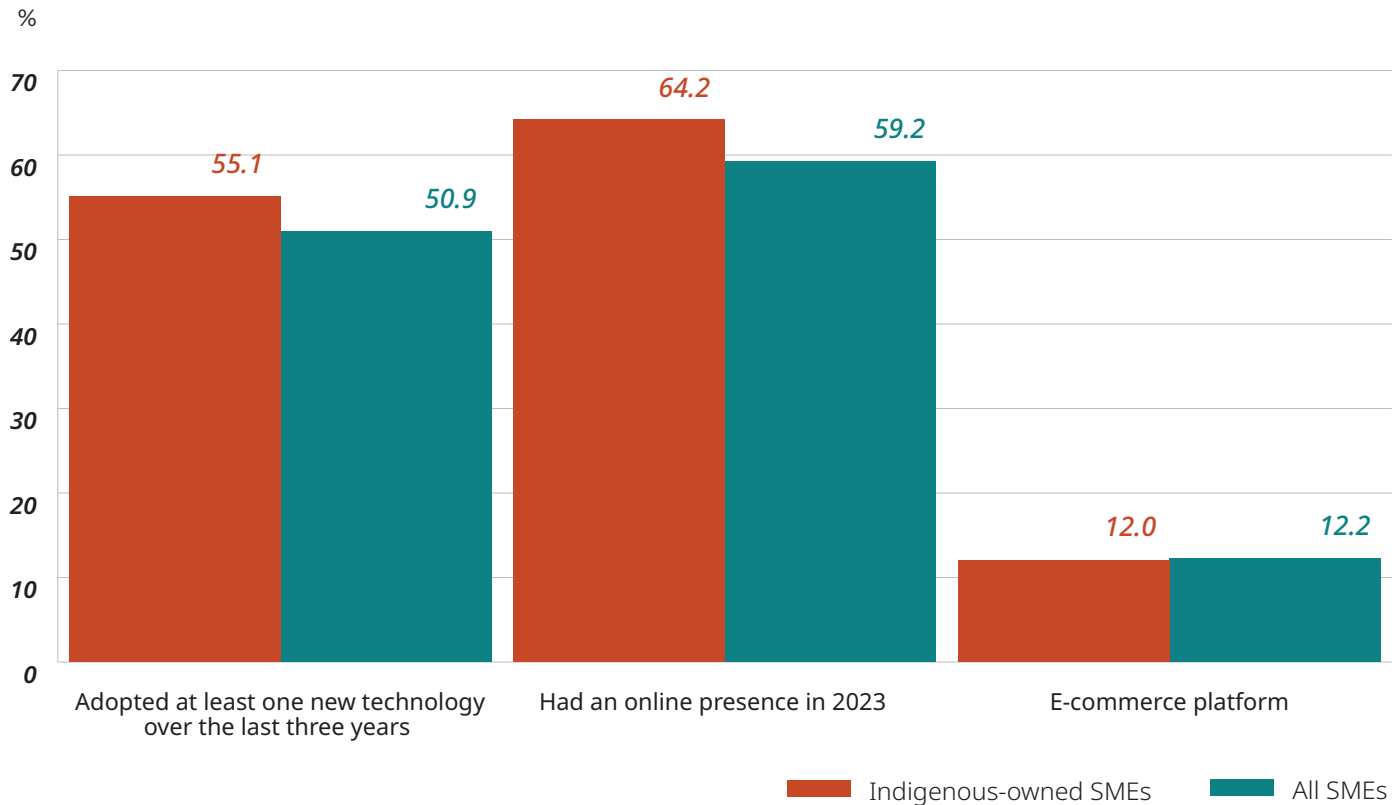
Sources: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises, 2023*; and ISED calculations.

<sup>16</sup> Innovation, as defined by the *Oslo Manual*, refers to a new or improved product or business process (or combination thereof) that differs significantly from the firm's previous products or business processes and that has been introduced on the market or brought into use by the firm. This definition is used in the *Survey on Financing and Growth of Small and Medium Enterprises, 2023*, which defines innovative SMEs as those that have developed or introduced at least one of the following four types of innovation between 2021 and 2023: product innovation (a new or significantly improved good or service), process innovation (a new or significantly improved production method or process), organizational innovation (a new organizational method in business practices, workplace organization or external relations) or marketing innovation (a new way of selling goods and services).

## 8.2. New technologies adoption

Indigenous-owned SMEs demonstrated higher adoption of new technologies and online presence compared with all SMEs. Between 2021 and 2023, 5.1% of Indigenous-owned SMEs adopted at least one new technology, exceeding the 51.1% adoption rate among all SMEs (Figure 16). Indigenous-owned SMEs were also more likely to maintain an online presence, with 64.2% having a website or social media account, compared with 59.2% for all SMEs. E-commerce adoption rates were similar across both groups.

**Figure 16: New technology adoption and online presence, % of businesses**



Sources: Statistics Canada, *Survey on Financing and Growth of Small and Medium Enterprises*, 2023; and ISED calculations.

## 9. CONCLUSION

The results of the 2023 *Survey on Financing and Growth of Small and Medium Enterprises* offer a comprehensive statistical profile of Indigenous-owned SMEs in Canada, made possible by a new sampling design that enabled more granular identification and analysis.

The findings highlight that Indigenous-owned SMEs were younger, more active in primary and construction sectors, and increasingly engaged in technology adoption and digital presence. They reported strong financing approval outcomes and demonstrated resilience in growth performance, with many expanding beyond local markets. Compared with all SMEs, Indigenous-owned SMEs also exhibited more diverse ownership profiles, with a higher representation of women, young entrepreneurs, persons with disabilities, non-binary individuals, and 2SLGBTQ+ persons. However, they remained underrepresented in high-growth segments, innovation activities, and international trade, and continued to face distinct challenges—particularly those related to logistics and market knowledge in export markets.