

Skilled Trades and Entrepreneurship: The Need for Business Competencies



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Executive Summary

Skilled trades are an important driver of Canada's economic growth. From repairing equipment and maintaining essential services to building housing, producing goods and ensuring workplaces and households run smoothly, skilled trades are driving infrastructure development, innovation and prosperity. Yet the trades face looming workforce shortages, and much of the policy attention has been directed toward expanding the pipeline of new workers. Far less consideration has been given to those already in the field, particularly self-employed tradespeople and small-business owners, whose ability to sustain and grow their enterprises is equally vital to Canada's economic strength.

Using self-employed tradespeople as a proxy for entrepreneurship, due to data limitations, this report set out to explore two questions: 1) To what extent should entrepreneurship be recognized as a critical dimension of the skilled trades, and 2) which competencies are most essential for entrepreneurs in the skilled trades to succeed? Drawing on the Diversity Institute's Inclusive Entrepreneurship Competency Framework, the literature pointed to key areas beyond technical ability, including legal and regulatory knowledge, financial management, project management, marketing and promotion, human resources, and innovation and digital skills. These competencies are critical to entrepreneurial success, though additional research is needed to expand and adapt the framework further to the trades context.

One of the central insights is that pipeline strategies, while important, are not enough. As self-employed tradespeople already account for a large share of the workforce (14.1% of the Canadian workforce is self-employed compared to 20.3% in general trades occupations), developing their entrepreneurial capacity will be essential to building adaptive and resilient enterprises. While anecdotal evidence indicates that the trades include many small businesses, existing data do not adequately capture the presence and characteristics of trades-based small and midsize enterprises (SMEs), and more detailed data collection will be essential to inform resource allocation, policy decisions and program design.

The research also calls for a broader view of entrepreneurship, which is too often equated with technology, which results in funding and entrepreneurial training being funnelled toward the tech sector and limits support for others. Applying frameworks like the Inclusive Entrepreneurship Competency Framework to skilled trades entrepreneurship can inform more tailored programs by identifying competencies particular to the needs of the business, across different stages, industries and identities. In doing so, skilled trades entrepreneurs will be better positioned to grow and contribute more fully to Canada's economic future.

KEY INSIGHTS

- 1** Skilled tradespeople are more likely to be self-employed—2021 data show that while the self-employment of all workers in Canada is 14.1%, about 17% of the Red Seal workers (those certified in designated trades) and 20.3% of workers in general trades occupations are self-employed.
- 2** Much of the focus in the skilled trades is on building the pipeline of new workers, but attention must be directed to self-employed tradespeople, existing businesses and potential entrepreneurs, who need entrepreneurial competencies and targeted supports to sustain their operations and pursue growth, which will in turn strengthen Canada's economy.
- 3** Entrepreneurship must be understood as broader than the tech sector, as entrepreneurs in the skilled trades encounter many of the same challenges as other business owners, including navigating laws and regulations, securing financing, managing projects and resources, marketing their services, overseeing human resources and adapting to new technologies.

The Issue

Skilled trades play a decisive role in Canada's economic growth and competitiveness, and their contribution is becoming even more critical as governments work to expand housing supply, renew infrastructure and transition into a green economy. Because trades are embedded across many sectors of the economy, their impact is far-reaching. In 2021, industries with a strong concentration of trades activity, including manufacturing, construction, transportation, information and cultural industries, accommodation and food services, and other service sectors generated nearly 29% of Canada's GDP.

Despite their importance, skilled trades are confronting major pressures. More than 700,000 tradespeople are projected to retire by 2028, and the number of young people entering the field is not enough to replace them. Governments at all levels have introduced measures to expand the pipeline, including changes to immigration pathways that give greater priority to trades workers and new investments in technical training to build workforce capacity.

Less attention has been directed to those already in the field, especially self-employed individuals and SME owners who may possess strong technical expertise but often lack the entrepreneurial competencies needed to sustain and grow their businesses. While more detailed data collection is needed to determine the share of SMEs in the trades, what we do know is that self-employment plays a major role in the field. In 2021, the self-employment rate in Canada was 14.1%, compared to nearly 17% among Red Seal workers, who are certified in designated trades, and 20.3% among those in general trades occupations.

As entrepreneurship is largely framed through the lens of technology, other critical forms of enterprise are often overlooked. As such, support for entrepreneurship in the skilled trades is generally provided through technical training, even though trades business owners face many of the same challenges as those in tech. Recognizing them as entrepreneurs in their own right is essential for ensuring they have access to the full range of supports needed.



What We Investigated

This report set out to explore two central questions:

- To what extent should entrepreneurship be recognized as a critical dimension of the skilled trades?
- Which competencies are most essential for entrepreneurs in the skilled trades to succeed?

Although the share of SMEs could not be determined, since industry-level classifications do not fully capture trades activity, self-employment data were used as a proxy, showing that a significant proportion of tradespeople work independently and would benefit from access to a broader set of entrepreneurial supports and competencies.

The report drew on a review of literature, guided by Diversity Institute's Inclusive Entrepreneurship Competency Framework, to identify the competencies most relevant to entrepreneurship in the skilled trades. As the framework is grounded in extensive research to identify core competencies across business stages, sectors and identities, it provided a valuable starting point for this analysis. Drawing on this framework, the research reviewed the challenges faced by self-employed tradespeople and considered how these competencies apply to their context.

What We're Learning

Existing research shows that success in entrepreneurship in the skilled trades depends on a combination of competencies. The areas highlighted below are key, though inexhaustive. Further research is needed to deepen understanding and expand this set of competencies:

- Innovation and digital skills are becoming increasingly essential in the workforce, especially in the trades, where digitalization and automation are changing the tasks performed by tradespeople. Beyond supporting efficiency in the technical work carried out, business operations can also benefit by adopting digital strategies to enhance marketing, automate financial processes, forecast trends and streamline human resource management.
- The capacity to navigate legal and regulatory requirements is a critical competency for entrepreneurs in the skilled trades. For those who own and operate businesses, legal knowledge is required for contractors' insurance, intellectual property protections, and the processes for registering or incorporating a company.
- Strong financial management is vital for trades-based businesses. Bookkeeping provides the foundation for tracking cash flow, profitability and overall performance, yet many tradespeople manage it themselves to save costs, which can create risks with compliance and planning. Digital tools can reduce some of the burden, but financial literacy remains essential for interpreting information and ensuring that projects generate sustainable profits.
- Project management and coordination are critical for trades-based businesses, especially in construction, where projects are complex and time-sensitive. Tradespeople must juggle multiple tasks, adapt to changing conditions, and keep teams and subcontractors aligned. With labour shortages adding pressure, strong planning and risk management are essential to handle delays and unexpected challenges on the job site.
- Marketing and promotion are critical for trades entrepreneurs, who often lack dedicated teams and must rely on their own efforts. Without strong branding or a digital presence, many depend too heavily on word of mouth. Digital strategies such as social media, targeted advertising and customer analytics can streamline promotion, strengthen visibility and help attract both clients and potential employees.

- Human resource management is essential for entrepreneurs in trades, including the self-employed, as they often rely on apprentices, subcontractors and seasonal workers. The ability to effectively recruit and retain skilled workers while maintaining compliance with safety standards directly shapes business outcomes.

★ Why It Matters

One of the major takeaways from this research is that while expanding the pipeline of new workers in skilled trades is necessary and important, it addresses only part of the needs. Greater attention than is currently given should be directed to the self-employed, who represent a significant portion of skilled trades, and to small-business owners. Building their entrepreneurial competencies will be critical to strengthen the resilience and adaptability of these businesses and ensure they are well-positioned to contribute to Canada's economic growth.

To this regard, there must be a fundamental rethinking of what entrepreneurship entails. It is too often equated with technology, which in turn shapes the allocation of resources and support. As such, much of the programming designed to support starting, growing and sustaining businesses is concentrated in the tech sector, leaving entrepreneurs in the skilled trades without access to comparable opportunities.

Tools like the Inclusive Entrepreneurship Competency Framework will be critical in guiding program design, as they help identify the relevant competencies entrepreneurs need across different stages of business development and sectors, and in relation to the identities of business owners. However, current data systems make it difficult to capture the presence and characteristics of SMEs in trades, limiting the evidence available to make more targeted and informed decisions. Strengthening data collection will therefore be essential for programming that is responsive to the realities of entrepreneurs in the skilled trades.



State of Skills: Innovation in Training, Recruitment and Upskilling for Skilled Trades

Canada needs to address long standing shortages of skilled tradespeople to advance policy priorities around decarbonization, affordable housing and transforming industry to add more value to what we produce.

[Read Thematic Report](#)

Have questions about our work? Do you need access to a report in English or French? Please contact communications@fsc-ccf.ca.

How to Cite This Report

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