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Project Insights Report

Barriers and Enablers of Northern Business and Entrepreneurship



PARTNERS

Diversity Institute



LOCATIONS

British Columbia
Newfoundland and Labrador
Northwest Territories
Nunavut
Quebec
Yukon



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Executive Summary

The Northern entrepreneurship ecosystem is shaped by unique geographical, climatic, institutional, and cultural dimensions. Historically, only a few large enterprises drove economic development in the resource, infrastructure, and public administration sectors; now, small and medium-sized enterprises (SMEs) and entrepreneurs are exploring opportunities in these and emerging sectors. Supporting entrepreneurs addresses the Truth and Reconciliation Commission's Calls to Action, allowing Northern Indigenous entrepreneurs to realize new markets and enterprise stability to stressors like climate change and global trade. Skills development programs for entrepreneurs require an understanding of the barriers and enablers to business operation.

We synthesized recent data on the North's economy, and a literature review on the various barriers and enablers to entrepreneurship and businesses in the Territorial North (incl. Yukon, Northwest Territories, and Nunavut). We found large resource extraction and administration enterprises maintain strong financial positions, but SMEs and entrepreneurs face severe structural challenges. Barriers included adapting to climate change, physical and digital infrastructure deficits, technology provision and literacy, labour supply, and several specific barriers for Indigenous entrepreneurs. Infrastructure investments, procurement and financial programs, incubators and skills training initiatives, improved marketing, wraparound supports, and a targeted competency framework can help enable Northern entrepreneurship and Indigenous self-determination.

KEY INSIGHTS

- 1** While Indigenous Peoples are majority-owners in 11% of Yukon, 26% of Northwest Territories, and 53% of Nunavut enterprises of all sizes, many do not incorporate and may be non-registered, which limits the generation of policy interventions.
- 2** A variety of business support systems, business accelerators and incubator programs, funding opportunities, and training opportunities exist for entrepreneurs, but are often not advertised to or accessible to rural, remote, and Indigenous communities.
- 3** General labour challenges in Nunavut and Northwest Territories are about five times the national rate (20-23% of enterprises versus 4.4% of Canadian enterprises), and the Yukon faces skilled recruitment challenges about double Canada's rate (15.4% versus 9.5%). Without general and skilled labour, enterprises across the three territories report greater challenges to implementing green practices (23.0-27.0% of enterprises, across the territories), compared to the national rate (8.7% of enterprises).

The Issue

The Northern entrepreneurship ecosystem has unique geographical, climatic, institutional, and cultural barriers to economic development and market diversification. In the Territorial North (including the Yukon, Northwest Territories and Nunavut), businesses of all sizes have historically participated in resource extraction, infrastructure development, and public administration sectors. Increasingly, SMEs and entrepreneurs are expanding beyond these sectors into a growing number of new, diverse sector opportunities. The North includes a substantial number of Indigenous Peoples, who contribute extensively to Canada's economic and social position; however, they require continued support to realize these benefits, as well as to exercise resilience to climate change, shifting global markets, and trade agreements. To support skills development programs and help Indigenous and Northern entrepreneurs realize market opportunities, an understanding of the various barriers and enablers to business operation is the first requisite.

The purpose of this project was to conduct a review and synthesize the various barriers and enablers to entrepreneurship and businesses in the North. In particular, we looked at the current state of Northern entrepreneurship by economic context and business characteristics, including ownership, labour supply and demand, financial stability and forecasts by sector, as well as perspectives on emerging issues like export, growing geopolitical tensions and trade dynamics. Further, we looked at the adoption rates of new technologies (e.g., artificial intelligence) across enterprises. Understanding the economic context helped frame a discussion of the various barriers and enablers to northern and Indigenous entrepreneurship.



What We Investigated

We analyzed the current economic and operational context of businesses and entrepreneurship in the Territorial North. The unique business context, as well as barriers and enablers to entrepreneurship and operating a business, is requisite to identify recommendations to support Northern enterprises and entrepreneurs. This work is in direct response to the Calls to Action by Canada's Truth and Reconciliation Commission, to advance Indigenous economic prosperity and self-determination.

First, we asked, "What is the current business and enterprise context for industries in the Territorial North?" Past syntheses of the North's economy exist, but are often not delimited by geography, majority ownership and/or sector. We assessed the business operational context from open-access statistics, compiled from federal, provincial and/or territorial, as well as local governments. We compare and contrast the differences among sectors and geographies with the Canadian average. We present a snapshot of the current economic context in the Territorial North.

Second, we asked, “What are the current barriers and enablers for Indigenous and Northern entrepreneurs in the Territorial North?” We conducted a literature review of existing peer-reviewed and online resources, synthesizing research on what is limiting enterprises from adopting new technologies, economic growth, and diverse markets.

✔ What We’re Learning

Our research synthesized the barriers and enablers to entrepreneurship in the Territorial North. Large resource extraction and public administration enterprises maintain strong financial positions, but small and medium-sized enterprises (SMEs) and entrepreneurs face severe structural challenges and uncertainty. We identified several barriers to self-determination and growth for entrepreneurs:

- **Climate change:** Northerners face warming temperatures four times the global average, often lacking the capital to adapt, and increasingly inclement weather disrupts enterprise value chains and infrastructure.
- **Physical Infrastructure:** Geographic isolation and insufficient transportation networks constrain Northern enterprises and particularly entrepreneurs. Infrastructure is often allocated to larger enterprises, neglecting entrepreneurs.
- **Digital infrastructure:** Service coverage gaps are acute, with broadband issues reported by 67%-83% of Northern enterprises. The Internet is more expensive than the Canadian average, with service below the technology requirements for many emerging technologies.
- **Technology:** Indigenous entrepreneurs have low technology adoption rates; artificial intelligence (AI) usage lags about half of national rates, impacting realization of new markets.
- **Labour:** Acute labour shortages persist in Nunavut and the Northwest Territories, nearly five times the national rate, as skilled labour tends to migrate to Southern Canada.
- **Systemic Barriers for Indigenous entrepreneurs:** Indigenous entrepreneurs face systemic barriers to capital (e.g., Sec. 89 of the Indian Act restrictions on collateral), biased financing, and a lack of culturally-responsive support.

Despite challenges, many enterprises integrate Indigenous values into their business operations, supporting self-determination and economic reconciliation. Enablers of entrepreneurship include:

- **Understanding entrepreneurship competencies:** Some sector-specific competency frameworks exist, but could be built upon to better reflect the role Indigenous and Northern entrepreneurs occupy in legacy and emerging sectors.
- **Physical infrastructure:** new investments in year-round infrastructure, adaptive transportation, and housing are improving market connectivity.
- **Enhanced digital infrastructure:** Investments are being made into broadband Internet, but continued work is needed to increase the base technology requirements of the Universal Broadband Fund for rural, remote, and Indigenous communities.
- **Procurement opportunities:** Government procurement programs exist and need to be utilized to ensure local businesses support regional projects.
- **Financial programs:** Sector-specific and regionally-targeted financial programs exist and can be expanded to improve entrepreneurs’ access to funds in key sectors (e.g. tourism, renewable energy, and food production).

- **Incubators and accelerators:** Programs are connecting entrepreneurs to financial resources, market opportunities, shared workspaces, and training programs, but require expansion to improve reach and impact.
- **Marketing and communication:** Current awareness of financial, training, and procurement opportunities can better utilize community- and context-appropriate communication to reach entrepreneurs.
- **Skills training programs:** Employers and post-secondary institutions offer training programs, but should integrate local and cultural context, sector needs, and learning requirements to support entrepreneurs.
- **Wraparound supports:** Skills development opportunities include wraparound supports for learners, but opportunities exist for continued funding, family care, and hybrid educational support that could benefit Northern and Indigenous entrepreneurs.

★ Why It Matters

Advancing the Truth and Reconciliation Commissions' Calls to Action requires a concerted effort on economic reconciliation and self-determination. In the North, where Indigenous Peoples are large constituents of the population, empowerment through entrepreneurship and employment builds long-term economic stability and bolsters communities. Based on our findings, we suggest several policy and operation-level recommendations to advance Indigenous and Northern entrepreneurship and enterprises. These include:

- Entrepreneurship, skills training programs, and procurement opportunities should better utilize community- and context-appropriate communication and advertising of financing opportunities and training programs. This includes local radio, Facebook groups, and community social networks.
- Increasing investments in permanent and resilient seasonal transportation infrastructure. Investments will help bolster market connectivity, reduce transportation and shipping costs and timing for entrepreneurs, and ensure they are not neglected in favour of large enterprises.
- Enhance access to the broadband Internet coverage, with improved technical specifications beyond the base requirements of the Universal Broadband Fund. This will ensure entrepreneurs in rural, remote, and Indigenous communities have the minimum technology requirements to access digital opportunities, as well as entrepreneurship training, e-commerce, and artificial intelligence.



State of Skills: Supporting Indigenous and Northern Entrepreneurship and SMEs

Indigenous and Northern entrepreneurship and businesses play a crucial role in bolstering local economies by supporting economic diversification, job creation and community development.

[Read Thematic Report](#)

- Work with rural, remote, and Indigenous communities to ensure that modular and scalable infrastructure and housing systems can be effectively implemented. Modular system technologies are poised to address infrastructure needs for entrepreneurs (enterprise storage, housing, and facilities), but require local expertise to ensure they effectively integrate into the local infrastructure context (i.e., permafrost thaw, extreme weather).
- Increase collaboration with Indigenous governments, associations, and community partners to address the bias in traditional financing frameworks to facilitate Indigenous entrepreneurs' access and visibility to traditional and Indigenous-specific financing mechanisms;
- Leverage procurement for economic development and supporting Northern SMEs and entrepreneurs, and increase procurement opportunities for larger businesses.
- Develop training programs for Indigenous Peoples and Northern Canadians that consider local limitations, cultural context, sector needs, and learning requirements, supporting TRC's Call to Action 92, Section ii;
- Support training for non-Indigenous Peoples in the private sector on the history of Aboriginal peoples, and skills-based training on intercultural competency, conflict resolution, human rights, and anti-racism to support Indigenous entrepreneurship and TRC's Call to Action 92, Section iii.
- Support sector-specific training that considers setting, language, social cues (including non-verbal communication methods)—especially in controlled environment agriculture, tourism, and construction—to encourage technology adoption for new market opportunities;
- Bolster entrepreneurial training through an entrepreneurship competency framework. Existing frameworks focus on the skills of employees in large enterprises, and are not specific to the unique needs of Northern entrepreneurs, appropriate socio-cultural wraparound support, nor consider the types of roles entrepreneurs occupy in old and emerging sectors.

► **What's Next**

This review will be used to develop a culturally-reflexive competency framework for Indigenous and Northern entrepreneurs. The proposed Inclusive Innovation Competency Framework offers a model to identify and assess entrepreneurial competencies of individuals who have diverse identities and operate businesses at different stages, in various sectors.

First, this framework will include core competencies required at five different stages of business development. This includes Ideation, Validation, Launch, Growth, and Operational Sustainability.

Second, it includes specialized competencies needed in different sectors, recognizing the role that entrepreneurs play in existing or legacy sectors, as well as diverse and emerging sectors. For instance, the skills and competencies to work in a large enterprise in the mining sector (e.g., processing and refinement) has a different configuration of skills than entrepreneurs in the same sector (e.g., permitting and specialized machinery operation).

Third, the framework includes the unique context for different diverse identities, identifying which wraparound supports are needed for Indigenous Peoples and different equity-deserving groups to participate.

These three pillars will integrate to provide a comprehensive and targeted competency framework for skills development that can support Indigenous and Northern entrepreneurs to realize sector opportunities and economic self-determination.

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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The Future Skills Centre acknowledges that the Anishinaabe, Mississaugas and Haudenosaunee share a special relationship to the 'Dish With One Spoon Territory,' where our office is located, bound to share and protect the land. As a pan-Canadian initiative, FSC operates on the traditional territory of many Indigenous nations across Turtle Island, the name given to the North American continent by some Indigenous peoples. We are grateful for the opportunity to work in this territory and commit ourselves to learning about our shared history and doing our part towards reconciliation.

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