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Navigating Barriers and Opportunities: Indigenous-owned SMEs Driving Sustainable International Trade

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This paper examines the role of Indigenous-owned SMEs in promoting sustainable international trade amid global tensions. Drawing on firms in Canada, the U.S., Australia, and New Zealand, it shows how these businesses embed sustainability, cultural authenticity, and reciprocity into export strategies. At the same time, they face significant challenges, including financing barriers, infrastructure gaps, and regulatory hurdles. Practical insights are offered for policymakers to strengthen inclusive trade policies and support Indigenous participation, including cross-border Indigenous collaborations and targeted capacity-building initiatives. The study points to pathways for Indigenous SMEs to expand global engagement while advancing sustainable and inclusive trade systems.

INTRODUCTION

Indigenous peoples throughout the world have engaged in complex trade networks for centuries, long before colonization. Despite this, Indigenous businesses face significant recent structural barriers that hinder their participation in global markets (Bull, 2024). Nevertheless, Indigenous-owned firms already contribute substantial value domestically: an estimated \$78.5 billion in annual revenues by Native American-owned businesses in the U.S. (U.S. Census Bureau, 2022) and a NZ\$126 billion Māori economic asset base in New Zealand (Business and Economic Research Limited, 2025). Recent estimates also indicate that Indigenous peoples' economic contributions represent roughly 2.4% of Canada's GDP (approximately CAD \$56 billion in 2021; Statistics Canada, 2024) and exceed AUD \$16 billion in Australia as of 2024 (Melbourne Business School, 2024). Yet their international market participation remains disproportionately low, representing a missed opportunity to leverage their unique strengths in global business.

Countries such as the United States, Canada, Australia, and New Zealand were selected in this study because they share colonial histories and ongoing reconciliation efforts, providing comparable contexts for examining Indigenous entrepreneurship (Bull, 2024; Business and Economic Research Limited, 2025; DFAT, 2022; Stats NZ Tatauranga Aotearoa, 2023). Indigenous-owned small and medium-sized enterprises (SMEs) in these nations blend traditional knowledge with modern business strategies to create culturally distinct enterprises. They have the potential to drive

global resilience through cultural authenticity, ethical practices, Indigenous-to-Indigenous connections, and innovative solutions to systemic challenges. By embedding sustainability, cultural authenticity, and community-centered values into their business models, Indigenous-owned SMEs are uniquely positioned to contribute to a more inclusive and sustainable international trade system.

While various definitions exist, we follow the Canadian Council for Indigenous Business's straightforward definition of an Indigenous business as an SME with at least 51 percent Indigenous ownership. This paper addresses a key gap in international business research by examining how Indigenous-owned SMEs in Canada, the U.S., Australia, and New Zealand are reshaping global trade through distinct export behaviors, opportunities, and challenges. We aim to advance scholarly understanding of the intersection between Indigenous entrepreneurship and sustainable international trade while providing actionable insights for policymakers, business leaders, and ecosystem facilitators (business support organizations). Specifically, we propose actionable steps for stakeholders to support the global engagement and sustainable trade practices of Indigenous SMEs. Exporting is the dominant internationalization mode (method of expanding internationally) for SMEs, especially for Indigenous-owned SMEs, because it requires relatively fewer resources and lower risk than other modes such as foreign direct investment or establishing overseas subsidiaries. Given the structural barriers Indigenous businesses face, including financing constraints and limited ac-

cess to infrastructure, exporting offers the most accessible and practical pathway to participate in global markets.

EXPORT BEHAVIORS OF INDIGENOUS ENTREPRENEURS

Export activity of Indigenous-owned SMEs remains modest compared to non-Indigenous firms. In Canada, 7.2% of Indigenous SMEs exported in 2020—roughly half the national average (CCIB and GAC, 2023). In the United States, 458 Native American-owned businesses exported in 2019 (Gresser, 2022). Indigenous SMEs in New Zealand and Australia also show relatively low export rates. Many Indigenous exporters prioritize markets with significant Indigenous populations; for instance, 16% of Canadian Indigenous exporters identify Australia as a preferred destination (CCIB and GAC, 2023). [Table 1](#) provides a comparative overview of Indigenous SMEs in Canada, the U.S., Australia, and New Zealand, consolidating export industries, primary destinations, barriers, opportunities, and policy contexts. This synthesis highlights both common trends—such as low export intensity (low export levels) but strong cultural branding opportunities—and distinctive national features, such as Canada’s financing barriers linked to land tenure rules, Australia’s infrastructure deficits in remote areas, and New Zealand’s large Māori collective asset base.

INDIGENOUS-OWNED SMES EXPORT ACTIVITY ANALYSIS

[Table 2](#) clarifies how these factors shape export decisions by distinguishing what comes from within the firm and community versus what stems from external market and policy conditions. It also serves as a bridge from the descriptive snapshot in [Table 1](#) to the next subsections, which examine endogenous (internal) strengths and challenges before turning to exogenous (external) conditions.

OPPORTUNITIES FROM ENDOGENOUS PERSPECTIVES

Indigenous entrepreneurs often measure success beyond profit alone, prioritizing community well-being and environmental stewardship. This approach gives Indigenous SMEs a unique ethical advantage but can clash with conventional profit-driven expectations. Profitability is viewed as necessary for sustaining the community rather than an ultimate goal, creating an ongoing challenge in balancing cultural values and financial viability (Trosper, 2022). Many Indigenous values inherently promote sustainability. For example, Indigenous nations along Canada’s Northwest Coast constructed clam gardens using traditional ecological knowledge, enhancing marine biodiversity sustainably (Turner, 2020). Such ancestral practices underpin the authenticity of Indigenous businesses internationally.

OPPORTUNITIES FROM EXOGENOUS PERSPECTIVES

Technology is creating new openings for Indigenous SMEs. Digital technology has dramatically reduced barriers to entry for remote entrepreneurs: for example, an Indigenous artisan in a remote area can now sell globally through online platforms. Studies indicate that embracing e-commerce makes an Indigenous SME far more likely to export successfully (CCIB and GAC, 2023). Additionally, modern consumers are seeking products with a story and purpose, making Indigenous brands rich in cultural heritage and sustainability highly attractive in niche markets (IBM Institute for Business Value, 2022). Indigenous businesses can leverage this interest by sharing the unique cultural narratives behind their offerings.

Internationalization processes (paths to international expansion) for Indigenous SMEs often diverge from mainstream models. Rather than simply overcoming the liability of outsidership (the disadvantage of being outside key business networks) (Johanson & Vahlne, 2009), many firms pursue Indigenous-to-Indigenous pathways, expanding through cultural and community-based trade networks that build on shared traditions and trust. At the same time, some Indigenous SMEs target specific high-value markets such as the EU or Japan, where consumer demand for sustainable and authentic products aligns closely with Indigenous business offerings. These diverse mechanisms highlight that Indigenous SMEs may follow alternative logics of internationalization that are context-sensitive and culturally grounded, enriching our understanding of their comparative trajectories across countries.

The emergence of cross-border partnerships among Indigenous communities enables Indigenous businesses in different countries to support one another’s export efforts. These Indigenous-to-Indigenous linkages are especially important in addressing the liability of outsidership (Johanson & Vahlne, 2009), as many Indigenous SMEs remain excluded from mainstream trade networks. By creating alternative trusted networks, such collaborations reduce outsidership and provide relational pathways into global markets. Further, supportive policies like Indigenous Peoples Economic and Trade Cooperation Arrangement (IPETCA) and Canada’s Inclusive Trade Policy facilitate Indigenous export activities, enhancing global market access.

CHALLENGES FROM ENDOGENOUS PERSPECTIVES

Despite these opportunities, internal tensions remain, such as conflicts with Western profit models that often clash with Indigenous values prioritizing community and environmental stewardship (Trosper, 2022). Additionally, distrust of external partnerships due to colonial legacies poses a significant endogenous (internal) barrier, making it difficult to form strategic alliances with non-Indigenous entities. Balancing profitability with intergenerational and community-focused goals remains an ongoing internal challenge, often complicating straightforward business decisions and growth strategies.

Table 1. Comparative Overview of Indigenous SMEs in Canada, the U.S., Australia, and New Zealand

Country	Key Export Industries	Primary Export Destinations	Key Barriers	Key Opportunities	Policy Context
United States	N/A (data not available)	Canada, UAE, EU, Australia, Mexico	Complex tribal-state-federal regulations; weak export data and institutional support	Cultural branding in niche markets; North American trade links	SBA tribal programs; observer to IPETCA; fragmented federal supports
Canada	Manufacturing, Retail Trade, Professional Services	United States, UK, Australia	Financing limits from land tenure rules; infrastructure gaps in remote communities	Strong U.S. market access; Indigenous-to-Indigenous trade with Australia/NZ	Inclusive Trade Policy; IPETCA member; targeted readiness programs
Australia	Tourism, Arts & Cultural Merchandise, Food & Beverage, IT-related industries	New Zealand, Canada, Indonesia, Papua New Guinea	Infrastructure/connectivity gaps in remote areas; small firm scale	Global demand for Indigenous cultural heritage; tourism sector strength	DFAT inclusive trade policies; Supply Nation; IPETCA member
New Zealand	Farming, Forestry, Fishing	United States, Australia	Sector concentration in primary industries; tension between profit/community values	Strong Māori asset base; collective ownership advantages	Government recognition of Māori economy; Stats NZ reporting; integrated Māori trade policy; IPETCA founding member

Note: U.S. data on products exported by Indigenous-owned firms are not available (Gresser, 2022).

Table 2. Opportunities and Challenges in Indigenous-owned SMEs in the Global Context

	Opportunities	Challenges
Endogenous	- Leverages traditional values like sustainability and reciprocity.¹ - Strong cultural authenticity, enhancing differentiation in global markets.³ - Innovates in high-value industries like IT, professional services, and artisanal goods.⁵	- Conflict with Western profit models.¹ - Distrust of external partnerships due to colonial legacies.¹ - Balancing profitability with intergenerational and community-focused goals.¹
Exogenous	- Digital tools and e-commerce platforms enhance global market access and scalability.³ - Indigenous-to-Indigenous trade fosters cross-border partnerships.⁴ - Global demand for ethical, and culturally unique products.² - Supportive policies like IPETCA and Canada's Inclusive Trade Policy facilitate Indigenous export activities.⁴	- Infrastructure gaps in remote areas, raising export logistics costs.³ - Regulatory and financing barriers, such as stringent export requirements.⁴ - Discrimination and exploitation of intellectual property, undermining authenticity and credibility.³ - Limited awareness of Indigenous brands in competitive global markets.²

Notes: 1. Trosper (2022); 2. IBM Institute for Business Value (2022); 3. CCIB and GAC, (2023); 4. Canadian Council for Indigenous Business (2023).

CHALLENGES FROM EXOGENOUS PERSPECTIVES

Serious external barriers persist. Infrastructure deficits in many Indigenous communities (remote locations with poor transport links or internet access) raise costs and limit participation in global trade (CCIB and GAC, 2023). In Canada, the *Indian Act* restricts the use of Indigenous land as collateral, making it difficult for entrepreneurs on reserves to secure business loans. In the marketplace, Indigenous exporters may face bias and competition from counterfeit “Indigenous-inspired” products that misappropriate designs, undermining authentic brands. Limited international awareness of Indigenous brands is another hurdle for market expansion. Additionally, regulatory complexities and stringent export requirements further exacerbate difficulties faced by Indigenous SMEs entering global markets.

Governments have begun to respond. For instance, Australia, New Zealand, Canada and Taiwan launched IPETCA in 2021 to foster Indigenous-led trade, and the United States joined as an observer in 2024. These activities indicate an increasing acknowledgment of the significance of Indigenous enterprises in global commerce. Nonetheless, more focused actions are required.

POLICY IMPLICATIONS AND RECOMMENDATIONS

Navigating these barriers and capitalizing on emerging opportunities requires coordinated action from governments, Indigenous business leaders, and trade facilitators. This section translates that analysis into practical steps, organized at the macro (national policy), meso (organizations and communities), and micro (firm) levels (see [Figure 1](#) for an overview).

GOVERNMENTS (MACRO-LEVEL)

At the macro (national) level, governments play a crucial role in enabling Indigenous SMEs to expand internationally. Beyond providing infrastructure investment, inclusive financing, and collateral guarantees, governments can sup-

port export readiness programs co-developed with Indigenous elders and knowledge holders to ensure cultural inclusivity. Importantly, governments should work in partnership with trade organizations, intermediaries, and community associations, which act as bridges between firms and institutions. Together, these actors can co-design policies, strengthen inclusive procurement frameworks, and scale up initiatives such as IPETCA and national Indigenous trade strategies. Governments also have a responsibility to protect Indigenous values and intellectual property by strengthening frameworks for data sovereignty (Indigenous control over their data) and cultural asset protection, thereby ensuring equitable and respectful participation in global markets.

TRADE ORGANIZATIONS, INTERMEDIARIES, AND COMMUNITY ASSOCIATIONS (MESO-LEVEL)

At the meso (community and organizational) level, trade organizations, intermediaries, and community associations work together to strengthen the position of Indigenous SMEs in global markets. They provide culturally responsive mentorship and training, connect SMEs with buyers and supply chains, and raise the visibility of Indigenous brands internationally. Community associations, elders, and knowledge holders further ensure that these efforts are culturally appropriate and grounded in traditional values, supporting both business legitimacy and community buy-in. Importantly, these meso-level actors act as a bridge between Indigenous SMEs and government institutions, advocating for inclusive procurement policies, co-designing trade initiatives, and ensuring that Indigenous perspectives are represented in policy frameworks. They can also play a central role in setting up trusted, low-cost digital platforms that allow smaller businesses with limited digital capacity or internet access to participate collectively, including by supporting shared management of certain export procedures.

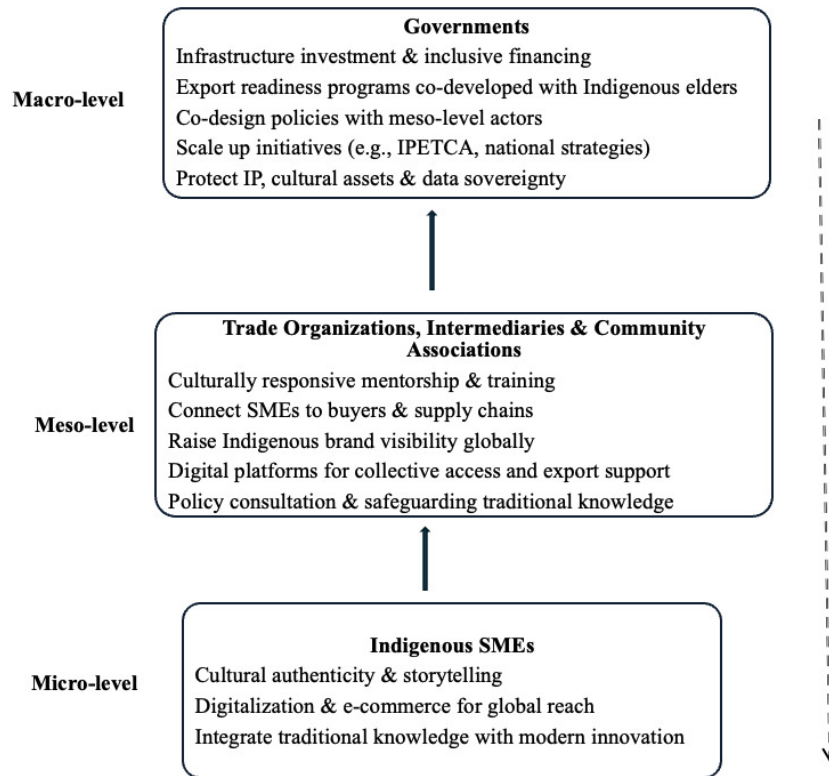


Figure 1. Interactions and actionable insights for different stakeholder groups

Notes: Arrows indicate upward influence from micro → meso → macro, and the dashed arrow shows reciprocal influence from macro-level policies back to meso- and micro-level actors.

INDIGENOUS SMES (MICRO-LEVEL)

Indigenous SMEs can realize export potential by combining traditional values with modern innovation. Entrepreneurs often embed cultural authenticity and storytelling in their branding, meeting global demand for ethically and socially responsible products (IBM Institute for Business Value, 2022). At the same time, they increasingly adopt digital platforms and e-commerce tools to extend their reach, showing how Indigenous business practices are not archaic but innovative and contemporary. Many firms also integrate traditional ecological knowledge with modern science to create sustainable, competitive products. Working closely with trade organizations and community associations, Indigenous SMEs gain mentorship, market access, and visibility while ensuring that their growth strategies remain aligned with cultural values and community priorities.

Figure 1 illustrates the interactions across macro, meso, and micro levels, highlighting key insights for policy and practice. It shows how Indigenous SME practices scale upward to influence networks and institutions, while policies and institutional frameworks feed back into firm and network strategies.

CONCLUSION

Indigenous-owned SMEs can be catalysts for a more sustainable and inclusive global trade system and interna-

tional comparisons from Canada, the U.S., New Zealand, and Australia demonstrate that with appropriate support these enterprises successfully bring unique, values-driven products to world markets. Collaborating across borders and sharing best practices can help stakeholders fully realize the potential of Indigenous SMEs, leading to stronger Indigenous economies, diverse trade partnerships, and advancements toward a more inclusive globalization that respects cultural heritage. Given the significant geographical distances in Indigenous trade networks, future research should explicitly examine how Indigenous SMEs uniquely balance economic, social, and environmental pillars of sustainability, in alignment with the Sustainable Development Goals (SDGs), and it should also explore context-specific internationalization strategies, including whether they follow incremental internationalization trajectories (gradually expanding into foreign markets), as described in the Uppsala model (Johanson & Vahlne, 2009), or adopt accelerated internationalization approaches (rapid international expansion), as in international new venture theory (Oviatt & McDougall, 2005). This would provide deeper insights into how Indigenous enterprises integrate cultural integrity into global trade. Additionally, future studies should draw on other regional contexts (for example, African enterprises; Zoogah, Degbey, & Elo, 2023) to further illuminate distinctive Indigenous business philosophies and policy frameworks. Our analysis also highlights that while some Indigenous SME strategies are highly context-specific (e.g., Indigenous-to-Indigenous trade alliances), others are

transferable and scalable. Practices such as leveraging cultural authenticity in branding and adopting digital platforms offer lessons that extend to other underrepresented entrepreneurs in global markets. This distinction strengthens the broader applicability of our recommendations to the international business community. In the near term, we also suggest pilot initiatives—such as co-designed export-readiness programs, inclusive procurement trials, and cross-border Indigenous-to-Indigenous trade partnerships modeled on IPETCA—that policymakers and trade organizations could test. These experiments would provide practical evidence on what works, bridging academic findings with immediate application in global markets.

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