

# International Entrepreneurship by Indigenous Peoples in the United States and Canada

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## Introduction

Native Americans and First Nations have a rich history of international entrepreneurship. However, the effects of government policy have limited the international entrepreneurial activity of Natives, and economic conditions in Indian Country are far different than in the past.<sup>2</sup> Oviatt and McDougal (2005) note, “International entrepreneurship is the discovery, enactment, evaluation, and exploitation of opportunities—across national borders—to create future goods and services.” The historical trade activities of Natives fit with this definition. This short paper briefly discusses some history and government policies, the current state of Native international entrepreneurship, and its future. The aim is to highlight some reasons that Native communities engage in less international entrepreneurship than they historically did and how increases in such activity would represent a return to traditional activities.

Indigenous people in the present-day “lower 48 states” of the United States are typically referred to as Native Americans.<sup>3</sup> The Canadian Indian Act describes the aboriginal people of Canada as Indians, Métis, and Inuit people; First Nations has come to replace the word Indian.<sup>4</sup> The focus of this paper is on Native American, First Nations, and Métis international entrepreneurship. Importantly, each tribe or community has its own unique, rich, and diverse culture. The U.S. has 574 federally recognized sovereign nations and 66 state-recognized tribes.<sup>5</sup> Canada has more than 630 First Nation communities.<sup>6</sup>

For thousands of years, indigenous societies traded with each other. There were well-established trade hubs throughout the continent long before European contact. For example, well-known trade centers were in Cahokia, Chaco Canyon, modern-day Oregon, modern-day North Dakota, and modern-day Pennsylvania. Where New Orleans is now located, there was a Native trade hub that was known as Bulbancha, which in Choctaw means “the place of other tongues.”<sup>7</sup> Goods traveled thousands of miles.<sup>8</sup>

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<sup>2</sup> Crepelle (2019).

<sup>3</sup> Indigenous American and American Indian are also used. Indigenous people in present-day Alaska are referred to as Alaskan Natives. Indigenous people in Hawai’i are referred to as Native Hawai’ians. Crown-Indigenous Relations and Communities, CIRNAC, Indigenous peoples and communities, 2022 defines indigenous peoples as “a collective name for the original peoples of North America and their descendants.”

<sup>4</sup> For additional information, see, for example, the National Museum of the American Indian. Teaching & Learning about Native Americans, which is available at <https://americanindian.si.edu/nk360/faq/did-you-know>. Métis refers to those with First Nations and French Canadian ancestors.

<sup>5</sup> Ibid, Federal and State Recognition.

<sup>6</sup> Crown-Indigenous Relations and Communities, CIRNAC, Indigenous peoples and communities, 2022.

<sup>7</sup> Tulane Land Acknowledgement.

<sup>8</sup> Miller (2001), page 787.

Natives were innovative and entrepreneurial. Hämäläinen (2022) describes corn as “one of humankind’s greatest feats of genetic engineering,” and notes “it does not exist in the wild ; its kernels are too tightly attached to the cobs to allow self-seeding.” The ancestor of corn is a grass called teosinte, which is native to present day Mexico and Central America; corn now provides about 21 percent of human nutrition for the world.<sup>9</sup> Corn seeds were transported north and south from Mesoamerica.<sup>10</sup> Many tribes grew the “three sisters” of corn, beans, and squash.

While some of the trade involved agricultural goods or products produced by those trading them, some involved selling goods purchased from another tribe. Miller (2001) notes that tribes were careful in their interaction with trading partners to be able to profit from their role as “wholesaler” or “middleman.” Ocean seashells were transported one-thousand miles inland.<sup>11</sup> Obsidian and flint were transported long distances.<sup>12</sup> There was trade between the Aztecs and Natives along the Mississippi River. Crepelle (2019) and Miller (2001), on which this discussion is based, contain further information. Despite the common inaccurate portrayal associated with “discovery doctrine,” which was used as an excuse for taking land, indigenous societies had well-defined property rights and environments that were conducive to entrepreneurial activity.<sup>13</sup> This included the use of a well-developed trade language.<sup>14</sup> Further, commerce was not conducted only by barter. Wampum, dentalia shells, and likely turquoise were used as mediums of exchange.<sup>15</sup> Indigenous peoples welcomed trade with European settlers. In fact, some tribes obtained European goods through established indigenous trade networks prior to seeing European settlers.<sup>16</sup> Since tribes were (and are) sovereign nations, the trade activities clearly satisfy Oviatt and McDougal’s definition of international entrepreneurship. There is a history of international entrepreneurship by indigenous people in North America that goes back thousands of years.

### **A Brief Discussion of the Effects of Historical Policies**

It’s well known that Natives were forcibly removed from their homelands. Tribes often signed treaties with the U.S. government, and these were subsequently broken by the U.S. government. These recognized the tribes as sovereign nations; there’s a well-established treatment of this in Indian law, the area of U.S. law focused on Native Americans. Jurisdictional issues persist today and recent rulings by the U.S. Supreme Court have made some of these issues less clear. Some of the jurisdictional issues are related to criminal law and whether the perpetrator is Native and whether the victim is Native. Others have to do with the enforcement

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<sup>9</sup> Sherman (2017), p. 54.

<sup>10</sup> Hämäläinen (2022).

<sup>11</sup> Miller (2001) p. 787.

<sup>12</sup> Ibid p. 788.

<sup>13</sup> Ibid. Although land was often not privately owned, institutions that supported entrepreneurial activity and trade with other tribes were firmly in place.

<sup>14</sup> Crepelle (2019).

<sup>15</sup> Ibid p. 419 and Miller (2001) p. 782 and p. 795-798.

<sup>16</sup> See Miller (2001) p. 788.

of contracts in Indian Country. The lack of clarity for both has resulted in a chilling effect on the economic environment in Indian Country. In part, these have resulted in reduced access to financing. Crepelle (2021) contains a detailed discussion of these jurisdictional issues.

In Canada, the First Nations Policing Policy (FNPP), which became effective in 1991 in response to concerns about poor policing services “including a lack of clear standards and confusion over the roles and responsibilities of various levels of governments,” allows First Nations and Inuit communities to “negotiate agreements to self-administer policing services or to have these services provided by the RCMP.”<sup>17</sup>

In both Canada and the U.S., there were policies aimed at forcing assimilation of Natives. These included land allotment and residential schools, which forcibly sought to assimilate Native children. Under allotment policies, land held collectively by a tribe, nation, or community, typically with the federal government holding it in trust for them, was divided into smaller tracts, often 160 acres, for each head of household. After this was done, the leftover land was sold to settlers. See, for example, Crepelle (2019) and Government of Canada (2023). In the U.S., Natives were encouraged to farm on reservation land instead of other economically productive endeavors, although reservation superintendents acknowledged the land was not well suited to agriculture.<sup>18</sup> Reserve (Canada) or reservation (U.S.) land and is often held in trust by the federal government, which limits its use as collateral for financing.<sup>19</sup>

### **Current Native International Entrepreneurship**

In 2019, 458 Native-American owned businesses exported. The discussion here and below is based on Gresser (2022). This is 1.7 percent of Native-owned businesses, which is below the 2.8 percent rate for overall U.S. businesses. Exporting Native American-owned businesses have an average of 21 employees and an average payroll per worker of \$59,260. Those that do not export average 8 employees and have an average payroll per worker of \$39,370. Known Native American exports were \$164 million, and Canada was the main foreign market at \$56.6 million.

The Canadian Council for Aboriginal Business has a register of 10,000 indigenous businesses. A recent study (Bélanger Baur, 2019), using a sample of 1101 indigenous entrepreneurs that included almost 650 SMEs, found that 24.4 percent of indigenous SMEs export.<sup>20</sup> The study found that over 1 in 5 export to the U.S., and over 1 in 7 export to non-U.S. overseas markets. Firm leadership education level was found to have a positive effect on the tendency to export, and use of social media tools was found to be a main factor supporting internationalization efforts.

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<sup>17</sup> Chernoff and Cheung (2023) p. 9 includes a discussion of Public Safety Canada Indigenous Policing. See also Lithopoulos, S. and R. Rudell (2013).

<sup>18</sup> Crepelle (2019).

<sup>19</sup> Ibid p. 443 and Chernoff, A. and C. Cheung (2023) p. 6.

<sup>20</sup> Bélanger Baur (2019) defines a “small and medium enterprise (SME) as a business which has between one and 499 paid employees, and at least \$25,000 in revenues annually.” This is said to be the closest to Statistics Canada’s definition of SME that is possible for the data.

Many of the challenges facing Native entrepreneurs are similar across Canada and the U.S. and many of the economic disparities faced by Natives have roots in colonialization and the associated practices. Natives have the highest poverty rate in the U.S.<sup>21</sup> The situation is similar in Canada.<sup>22</sup> Access to capital and education continues to be a challenge in both the U.S. and Canada.<sup>23</sup> Crepelle (2021) notes “Interestingly, even Indians with good credit and sufficient collateral have difficulty obtaining capital in Indian country.”

## Discussion

Many recommended policy changes for improvement of the economic environment in Indian Country focus on land no longer being held in trust and jurisdictional issues.<sup>24</sup> These would be welcome changes, but there is much more that can be done. In addition to such an improvement helping to address poverty, discrimination, and the mistreatment of Natives, it will also help to improve the productivity of Natives and the U.S. and Canada. Facilitating international entrepreneurship for Natives is an important way to do this, and many factors that facilitate international entrepreneurship are helpful in other dimensions.<sup>25</sup>

Improving access to education broadly is a key step for federal, state, provincial, tribal, band, and community governments. While this can include general education opportunities, it can also include business-specific education that would include mentorship and assistance in formulating business plans, assessing potential markets, formulating marketing strategies, and navigating financing. Naturally, some of these directions could be and are currently done by some tribal, band and community leadership. Access to education at all levels is an important avenue for addressing poverty among Natives. Many treaties between tribes and the U.S. government included provisions for educational services for tribal youth.<sup>26</sup>

There is some assistance in exporter-specific training, education, and mentoring from government agencies and non-profit organizations in both the U.S. and Canada. The U.S. Department of Commerce, Minority Business Development Agency (MBDA) describes itself as “the only federal agency solely dedicated to the growth and global competitiveness of minority business enterprises.”<sup>27</sup> The non-profit National Center for American Indian Enterprise is focused on improving the economic well-being of Natives and Native communities and provides a variety of services and training.<sup>28</sup> Naturally, there are other organizations focused on

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<sup>21</sup> Crepelle (2021).

<sup>22</sup> See the discussion on page 10 of Bélanger Baur (2019). Lower levels of education attainment are considered a contributing factor.

<sup>23</sup> Crepelle (2021) and Chernoff and Cheung (2023).

<sup>24</sup> See, for example, Crepelle (2019).

<sup>25</sup> For example, Crepelle (2019) note that “Tribes should consider all opportunities to engage in trade, but particular attention should be given to international trade and trade with other tribes.”

<sup>26</sup> Crepelle (2019) p. 431.

<sup>27</sup> Arizona MBDA Export Center website

<sup>28</sup> National Center for American Indian Enterprise website.

providing support for Native entrepreneurs and exporters. This is also the case in Canada. An example is the Canadian Council for Aboriginal Business (CCAB).<sup>29</sup> Bélanger Baur (2019) notes that in Canada fewer than 40 percent of indigenous SMEs have a written business plan. It's also noted that the use of a business plan increases the likelihood of business growth and of exporting. So, there is much scope for further efforts in training, education, and mentorship.

As discussed above, there is a rich history and culture of international entrepreneurship by Natives and First Nations. Some of the historical government policies disrupted this. However, efforts to support and develop international entrepreneurship by Natives and First Nations would be beneficial for the tribes, nations, and bands, and, more generally, the people of Canada and the U.S.

There is a need to better understand which factors are most effective for encouraging indigenous international entrepreneurship and the nature of indigenous international entrepreneurship. More and better data are needed, as are more research in this direction.

As an economist who studies contracts, dispute resolution, discrimination, and law and economics, these issues are of interest. Some of my own research is aimed at better understanding some of the issues related to Native international entrepreneurship and to challenges for Indian Country more generally.

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<sup>29</sup> See the Canadian Council for Aboriginal Business (CCAB) website.

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