

# WALKING ON THIN ICE

Entrepreneurship in Nunavik

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THE INSTITUTE FOR BUSINESS IN THE GLOBAL CONTEXT



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# **ABOUT**

# The Institute for Business in the Global Context

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The Fletcher School's Institute for Business in the Global Context (IBGC) was founded in recognition of the need for a new approach to the study of international business and capital markets—one that prepares global business leaders with essential "contextual intelligence."

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# EXECUTIVE SUMMARY

The Arctic is increasingly attracting considerable international attention as global warming makes resources more accessible and Arctic maritime transportation a reality. The dynamics of globalization have fundamentally transformed the lifestyle of Arctic inhabitants.

Nunavik, the land that spreads through a third of Québec's immense province up to the Arctic Circle, has entered very quickly into a post-industrial world, creating a fracture between the old and the new. Home to around 13,000 people, of which a vast majority are Inuit, Nunavik's social, economic and cultural organization remains distinct from the rest of Canada. Development is heavily driven by external stakeholders, and Nunavik is one of the territories in Canada where local businesses are the scarcest. With their legal and historical claims to the land, Inuit communities are asserting control and strengthening their role in the development of the region.

During the summer of 2016, I sought to understand the communities' perspectives towards entrepreneurship. Two months of field work enabled me to interview 36 individuals of diverse backgrounds. These interviews

demonstrated that entrepreneurship is considered to be a foreign concept, mostly relating to self-employment and maximization of available resources. Entrepreneurship is also perceived as a means to improve community well-being and decrease dependency to external stakeholders. I observed that through relentless work and persistence, business owners in Nunavik offer viable solutions tailored to the needs and values of the population. Entrepreneurs consider themselves to be at the heart of Nunavik's renewed sense of identity and pride. However, broader community members do not always look kindly to these economic agents, seeing entrepreneurship as an individual means to accumulate capital and wealth. Looking ahead, one wonders how communities will reconcile the capitalistic nature of entrepreneurship and the fundamental Inuit values of sharing and solidarity.

## Nunavik Jean-Francois Arteau

And yet...

absence, emptiness,

white monster,

ethylene sirens, and cold, the cold indeed

And yet..

friendship,

sharing, identity,

future,

play, hope,

and hope, hope dear Lord.

Source:

Faubert, M. (2010). Nunavik – Québec Untold. Les Éditions du Passage. Québec City. QC.



# BACKGROUND

Through this research, I sought to analyze the perspectives of local entrepreneurs in the northernmost region of Québec. Are Nunavik entrepreneurs perceiving themselves, both women and men, as agents of social and economic change? In what capacity are they contributing to the development of the region? In tackling these interrogations, I delved into three main research questions: 1) How is entrepreneurship defined and perceived in modern Inuit society? 2) What are some of the main challenges and opportunities faced by entrepreneurs in running their businesses? and 3) What programs could be designed to support current and future business owners?

The three axes of research were developed in collaboration with the Kativik Regional Government. Furthermore, this report attempts to fill a and many other inspiring individuals. I research gap in the literature surrounding entrepreneurship in Nunavik. I hope the findings will support further inquiry into the local economic

often, when analyzing development opportunities in the "North", resource extraction is the silver lining. Instead of a homogenizing representation, entrepreneurial avenues have the potential to improve autonomy and decision-making, breaking the damaging cycles of resource and state dependence. While the context for entrepreneurship in Inuit communities is unique in many ways, the findings from this case study can be applied to other remote and culturally distinct communities around the globe. There is no one path for progress and Nunavik shows us the diversity in which local economic development has the potential to be portrayed.

My field work allowed me to participate in the daily life of Inuit communities and to interview artists, politicians, hunters, found a nascent private sector looking to challenge the status quo by decreasing the region's reliance on public sector institutions. I witnessed the challenges development of Arctic communities. Too experienced within communities and the

struggles of businesses to make ends meet. Entrepreneurs in Nunavik are not only pursuing sustainable economic opportunities, they are also seeking to take ownership of their future. Although entrepreneurs are few and far between in Nunavik, their will and perseverance are a bright light in a region otherwise known for its overcrowded homes and elevated suicide rates.

## **Current State** of Nunavik

Nunavik, which means "Great Land" in Inuktitut, is the Arctic region of Quebec, north of the 55th parallel and covering 500,000 square kilometers. Nunavik is a homeland territory to Inuit, which represent 89.1% of the population.<sup>2</sup> Within this vast area of pristine rivers, countless lakes, and soaring mountains, fourteen communities exist as functional, dynamic entities. Municipalities are connected to each other and to the rest of the country by



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# SOCIAL AND ECONOMIC INEQUITY IN NUNAVIK

Many Inuit face social and economic inequities that impact their health and wellbeing.

Nunavik

## **All Canadians**



39%

4%

of Nunavik Inuit live in crowded homes

of Canadians live in crowded homes



40%

of Inuit aged 25 to 64 in Nunavik have earned a high school diploma or equivalent 85%

of all Canadians aged 25 to 64 have earned a high school diploma or equivalent



\$20,150

The median individual income after-tax for Inuit in Nunavik

\$56,889

The median individual income aftex-tax for non-Inuit people in Nunavik



19%

unemployment rate of Inuit in Nunavik

7%

unemployment rate for all of Canada



75.2

The average life expectancy at birth for residents of Nunavik

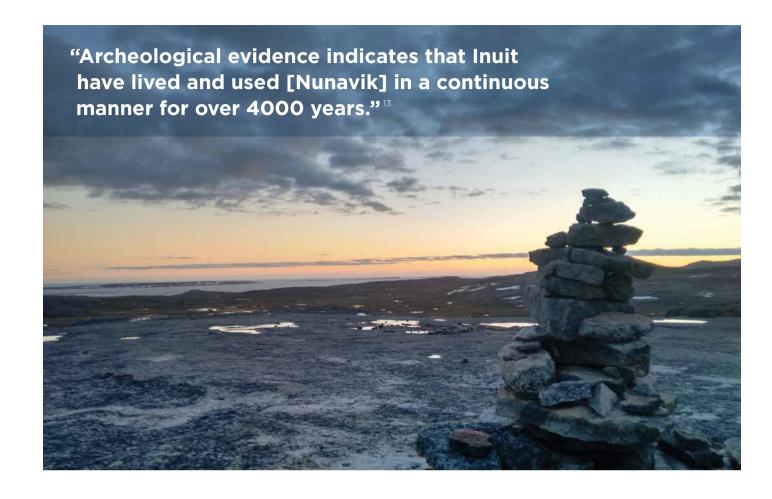
80.6

The average life expectancy for all Canadians

#### Sources:

1. Stats Canada

2. Duhaime G., Lévesque S. & Caron A. Nunavik in Figures 2015—Full Version. Canada Research Chair in Comparative Aboriginal Condition, Université Laval. Accessed November 15, 2016. http://www.chaireconditionautochtone.fss.ulaval.ca/documents/pdf/Nunavik-en-chiffres-vf-eng.pdf. Document inspired from the National Inuit Suicide Prevention Strategy published in 2016.



plane, with maritime transport offering a convenient alternative in the brief summers. In Québec, the government's Plan Nord put forward ambitious mining and further investments totaling \$50CAD billion over the span of 25 years, which has been received by mixed reviews due to the potential environmental damages.<sup>3</sup>

Climate change is more than an abstraction in Nunavik. As declared by Sheila Watt-Cloutier, Nobel Peace Prize nominee and Inuit activist, "the human dimension is seldom considered" when thinking about global warming.<sup>4</sup> Land and ice do not only represent hunting and fishing arenas, they are intrinsically linked to Inuit way of life. Throughout the world, Indigenous populations are voicing their claims. The Truth and Reconciliation Commission of Canada (TRC) was a major milestone to recognize the hardships experienced by First Nations, Inuit, and Métis. The term "cultural genocide" was used in the

concluding report to describe what occurred.<sup>5</sup> To this day, Inuit communities are striving to find a path forward, while dealing with past traumas.

It is safe to say that the economy in Nunavik is considerably different from the economy in the rest of Canada. Academics describe it as a "mixed" economy, composed of traditional activities (hunting, sewing, fishing, etc.) and participation in the wage economy. GDP has tripled over the past decade to reach close to \$1 billion, with the public sector and the mining industry accounting for 71% of GDP.7 The population of Nunavik grew by 12% between 2006 and 2011, one of the fastest rates across the entire country. The demographics also highlight a very young population with nearly two-thirds of individuals aged 30 years and less.8

GDP, for all its benefits, is a limited measure of well-being. Even GDP per capita would be misleading, given a significantly higher cost of living in Nunavik versus the rest of Québec.<sup>9</sup>
Food and commodities are usually 150% to 200% more costly than provincial standards.<sup>10</sup> Despite an expanding economy, unemployment sits at 14%, double of Québec's 7.2%.<sup>11</sup> The region's quality of life indicators such as education, life expectancy, and housing are well documented, and the consensus is alarming.

Nunavik, however, should not be remembered for statistics. Beyond those numbers, this research shows another side of Inuit reality, one of resilience and resourcefulness. Inuit culture and traditions remain very much alive despite the pace of change. Ninety-nine percent of Nunavik Inuit are able to converse in Inuktitut, and the region has one of the highest rates of hunting, trapping and fishing in Canada. Values of sharing, solidarity, and pride remain deeply rooted in the communities I visited. These values provide a coping mechanism to face radical changes.

#### **Creation of Nunavik**

Up until the advent of World War II,
Northern Canada was generally
considered a pristine and scarcely
populated territory. During the war, the
North served as a hub for American
fighter jets, and Nunavik partly owes the
development of its capital, Kuujjuaq, to
the military airport that was built in 1942
by the US air force. Following the war,
Canada's welfare system was revamped
in an attempt to eradicate poverty. By
the 1960s, most Inuit abandoned their
semi-nomadic lifestyle to live in
permanent settlements where they

could receive family allowances. This new way of life was in complete rupture with their past. Assimilation policies were developed to "civilize" indigenous populations across the country.

Residential schools and relocation of families made for tense relationships between Inuit and state.

In the 1970s, the government of Québec launched an ambitious hydroelectric project in the southern part of what now constitutes Nunavik. In response, Indigenous communities united to enforce their rights and reclaim ownership of their lands. A legal dispute

ensued and gave birth to the James Bay and Northern Québec Agreement (JBNQA). Compensations from the deal resulted in numerous new public services. The agreement marked the birth of the Makivik Corporation (Makivik) and the Kativik Regional Government (KRG).

# Stakeholders of Economic Development in Nunavik

A web of actors constitutes the fabric of Nunavik's economy. To this day, the public sector is the key driver of economic development in the region, generating close to 50% of jobs.

Neither state-driven nor profit-driven, social economy organizations include land claims corporations, cooperatives, nonprofits, and many more. They often adhere to principles of participation and empowerment with the purpose to "serve the community." The co-op movement started in Nunavik in 1959 in the village of Kangiqsualujjuaq. This marked the establishment of the first cooperative in the Arctic and the creation of the Fédération des Coopératives du Nouveau Québec (FCNQ).<sup>20</sup> The co-op movement highlights a social economy initiative in Nunavik, and "cooperatives became quickly ingrained in the northern experience."21 Today, FCNQ is the largest private employer of Inuit in the region and generates close to \$300M in annual revenues.<sup>22</sup> For Abele, social economy organizations "perform essential bridging functions [...] between old and new patterns of mutual aid, between wage economy practices and those arising from modern harvesting". 23 In essence, the social economy allows for Inuit communities to participate in the market-driven economy while respecting

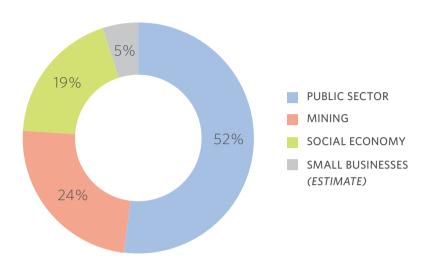
fundamental values of solidarity.

Extractive industries have grown tremendously over the past decade. The Raglan Mine, a large nickel complex in the north of Nunavik, represents about 40% of Nunavik's GDP and employs over 1000 people, of which 15% are Inuit.<sup>24</sup> Professor Thierry Rodon of University Laval shows that Northern communities have not benefited as much as they could have from mining, despite land claims ensuring Inuit participation in decision-making.<sup>25</sup> Although resource development is non-negligible, it has exhibited boom and bust cycles and has disappointed in empowering local communities.

The informal and traditional economies are, to this day, difficult to quantify. Fishing, harvesting, and arts & crafts constitute the most important activities within this sphere.

These threads all come together to create the economic landscape of Nunavik as it stands today. Missing from this picture are entrepreneurs and small businesses who have not been the subject of research. When looking at the numbers, Nunavik is the one region in Canada where small and medium enterprises (SMEs) are scarcest. Even when comparing Nunavik to other Inuit regions of Canada (Nunavut, Nunatsiavut), the numbers are astonishingly low. We will attempt to explain the phenomenon throughout this study.

## Figure 1: Breakdown of Jobs by Sector in Nunavik



**Sources:** KRG. (2011). Jobs in Nunavik - Results of a Survey of Nunavik Employers in 2011. Kativik Regional Government, Sustainable Employment Department, Nunavik.

Small businesses estimate number of jobs based on sample gathered during field research (2016).

# **Regional Organizations of Nunavik**



#### **Makivik Corporation**

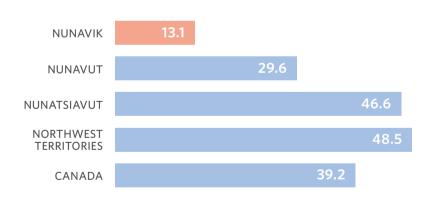
Established in 1978 to administer JBNQA funds and to legally represent Québec's Inuit, Makivik is a nonprofit organization that has grown into an economic, cultural, and political leader. According to researcher Frances Abele of Carleton University, "beneficiary organizations are the embodiment of Indigenous rights and the repository of many hopes for cultural survival and self-determination. The land claims organization, owned and managed by beneficiaries, now manages an asset base of \$429M of which nearly half is invested in subsidiaries and joint ventures including airlines, shipping, and many more.



#### **Kativik Regional Government**

KRG was also born out of the JBNQA in 1978 to "deliver public services" to the inhabitants of Nunavik as a form of self-government.<sup>17</sup> Today, it manages an annual budget of roughly \$200M, which is funded in majority by the Québec and Canadian governments in exchange for the delivery of public programs. KRG is recognized as an essential contributor to regional development projects and provides financing in the forms of loans and grants to small businesses.<sup>18</sup>

# **Figure 2:** Number of SMEs per 1,000 Individuals (Aged 15+)



**Sources:** Statistics Canada, Business Register, December 2015. Nunavik Regional and Private Business Directory, 2016



# METHODOLOGY

# A Framework for Entrepreneurship

#### 1. Indigenous Entrepreneurship

In Professor Léo-Paul Dana's Handbook of Indigenous Entrepreneurship, the author stresses the importance of culture and perceptions alongside the idea of value creation in economic activity. Entrepreneurship "should not be defined on the basis of opportunity, but rather cultural perception of opportunity."<sup>26</sup> Entrepreneurship in Indigenous communities is often distributive, founded on commonly-held assets, and sustainable.<sup>27</sup> This is not to say that all Indigenous-owned

businesses follow these principles, and we have to avoid romanticizing ancestral Indigenous values with modern practices.

In the study "Toward a Theory of Indigenous Entrepreneurship," Professor Ana Maria Peredo of University of Victoria and the other authors state that business development is "widely accepted [within Indigenous communities] as key to a more vibrant economy leading to nation re-building." Peredo argues that Indigenous entrepreneurship is closely related to theories of social entrepreneurship, with the overarching goal to improve living conditions.

The challenge is to find a balance between improving lives in material ways while maintaining or incorporating specifically Indigenous ways of being and doing.<sup>29</sup>

# 2. Small Business and Mainstream Entrepreneurship

The essential role of small and medium enterprises (SMEs) on economic development in Canada is well recognized with SMEs employing 90% of the private sector workforce.<sup>30</sup> While there persists a lack of consensus on the exact definition of entrepreneurship, an OECD report defines entrepreneurs as "those persons who seek to generate"

value, through the creation or expansion of economic activity." The very influential twentieth-century economist Joseph Schumpeter refers to the entrepreneur as a force for innovation and "creative destruction." By "creative destruction," Schumpeter refers to a mutation of processes and structures which lead to the opening of new markets.

#### 3. Social Entrepreneurship

Finally, entrepreneurs are increasingly seen in a new light as more than commercial agents. They have the ability to define and pursue opportunities to improve social wealth which, in turn, can

promote a focus on the community and society.<sup>32</sup> Academics and practitioners alike now refer to this concept as social entrepreneurship. One reason given for the rise of social entrepreneurship is the global shift away from a social welfare state approach to development and towards a neoliberal paradigm, with an emphasis on market forces as primary mechanisms for the distribution (and redistribution) of resources.<sup>33</sup> By filling institutional voids, social entrepreneurs act as agents of change.

Since Nunavik is experiencing a very rapid pace of change and entrepreneurs are characteristically adept at exploiting and building upon change, it would

follow that entrepreneurism is bound to propagate. In addition, the dependence on external stakeholders, including government institutions and mining companies, indicates that Nunavik would, on paper, benefit immensely from greater local empowerment.

# **Approach & Collaboration**

Due to the nature of the research and the importance of building trust with stakeholders on the ground, I spent two months during the summer of 2016 in Nunavik. I conducted this independent

research with the help of KRG. Collaborating with KRG and, more specifically, with the team responsible for economic development, was key to the legitimacy of the study. The community of Inukjuak became a natural destination given the fact that my key collaborator, Tommy Palliser, economic development officer (EDO) for KRG, lives there. The research was split between the community of Inukjuak (7 weeks), where I stayed with a host family, and Kuujjuag (2 weeks). The combinations of these towns was meant to provide a contrast in perspectives. Inukjuak is a traditional Inuit community of 1800 bordering the Hudson Bay. Kuujjuaq, on the other hand, is the regional capital and economic hub of Nunavik. Nearly two-thirds of all SMEs in Nunavik are headquartered in Kuujjuag.

I took the following steps in conducting the research:

## 1. Adjust to the context

During the initial acclimatizing period, I simply went around the community,

introducing myself and the project.<sup>34</sup> I learned basic Inuktitut words and familiarized myself with the surroundings. I did not force dialogues toward economic development but rather sought to learn about the community's history and culture.

#### 2. Get involved with the community

I tried to be an integral part of the community. Living with a family where I was treated very kindly and with generosity, I would often go on treks outside of town. I also helped with any tasks, such as the construction of cabins and cooking. I took part in communal meals, activities, and sports.

## 3. Partner with a community liaison

From the start, the research project I

undertook was as a collaborative one, where the authority of knowledge was shared between interviewees and interviewer. Palliser's contextual knowledge was key to the success of the

study. He reviewed interview

questionnaires to ensure language and cultural appropriateness and provided a list of key informants, which were added to the Business Directory created and updated by KRG.<sup>35</sup> Merged together, these lists became the sampling frame and amounted to a total of 74 small businesses. Palliser was also integral to the successful recruitment of interviewees through radio advertisements, a very popular mode of communication in the community.

#### **Data Collection**

Purposive, non-probabilistic sampling techniques were used. Given the limited sampling frame, I started with recommended participants and used snowball sampling thereafter. In practice, I asked each participant at the end of the interview who they thought I should meet with. This enabled me to gain access to informal business owners as well as past business owners.



Interviews were one on one using a questionnaire, which varied depending on the occupation of the participant.
Interviews lasted between 25 to 120 minutes and were held in conference rooms provided by KRG. Two interviews were done on the phone, and the remaining were in person. 24 interviews were held in Inukjuak, and 12 were in Kuujjuaq. Following each interview, the recording was transcribed, personal notes were added on, and the findings were compiled into a matrix to identify themes and disaggregate the data.

The resulting qualitative and quantitative data included:

- 36 semi-structured interviews
- An online survey sent to small business owners with a response rate of 39% (29 respondents out of 74)
- A focus group with four women to better understand the perceptions of women
- A community presentation in Inukjuak to share preliminary findings and get community feedback

#### Limitations

A limitation was the language barrier. In certain interviews, although participants could speak English, it was a challenge for them to fully verbalize their opinions. Conducting interviews in English brought an asymmetric power dynamic to the interviewee-interviewer relationship. As reported by Temple & Young: "The interaction between languages is part of the establishment and maintenance of hierarchical relationships, with English often used as the yardstick for meaning."36 Language also acted as a non-negligible bias as it often filtered out individuals of lower socioeconomic status. Finally, due to the small size of the sample, results cannot be generalized to all entrepreneurs and small businesses of Nunavik. The aim of the study is to shed in-depth insight and build awareness of the context for entrepreneurs in this sub-Arctic region.

Figure 3: Type of Participants Interviewed

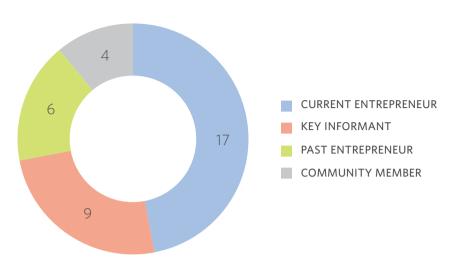
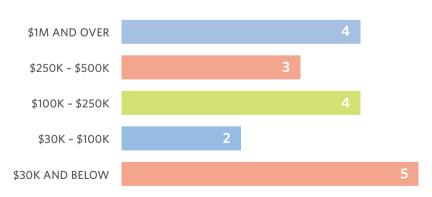


Figure 4: Participation Rates in Study

Location	Entrepreneurs	Interviewed	Participation
Inukjuak	9	8	88.9%
Kuujjuaq	39	8	20.5%
Rest of Nunavik	26	1	3.8%
Nunavik	74	17	23.0%

Figure 5: Annual Sales of SMEs in Sample



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# **SUMMARY OF SAMPLE**

# **Overview of Sample**



70% have a high school

degree or more



11 years

average time as small business owner



28% of participants are female



72% of participants are male

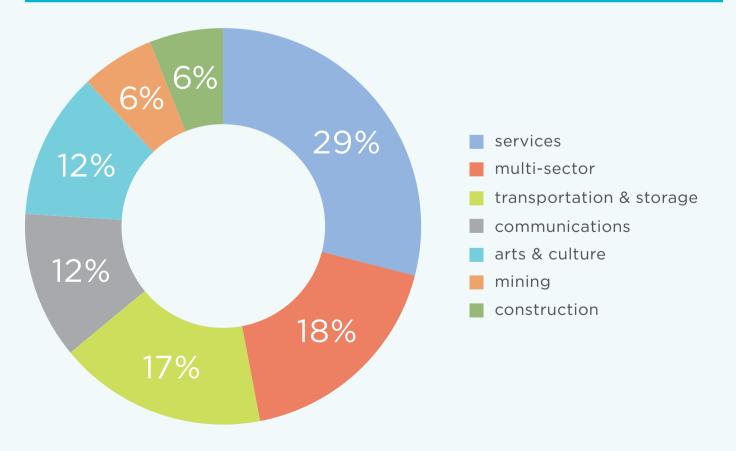


\$175k
median annual
revenues

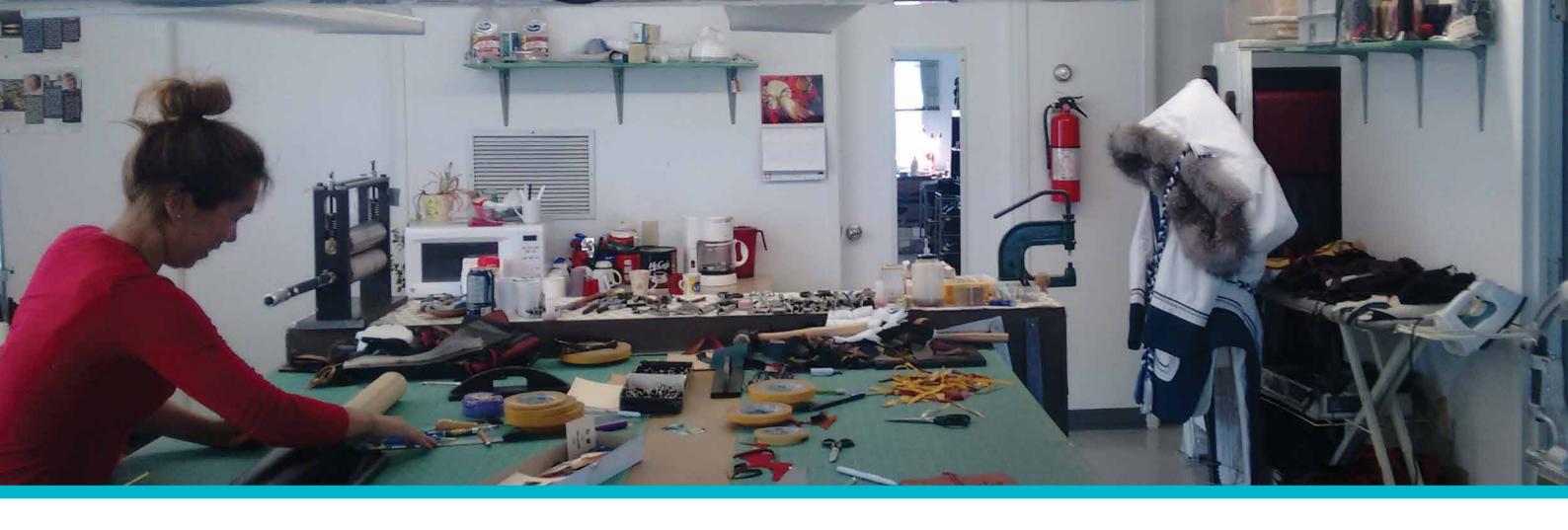


145 total jobs created

# **Breakdown by Sector**







# FINDINGS & ANALYSIS

From the interviews, I identified the following as the primary questions to answer:

- 1. How is entrepreneurship defined and perceived in modern Inuit society?
- 2. What are some of the main challenges and opportunities faced by entrepreneurs in running their businesses, especially once they have secured funding?
- 3. What programs could be designed to support current and future entrepreneurs?

# Perceptions on Entrepreneurship

#### **Motivations to Start a Business**

First, entrepreneurship is associated with people who run their own companies, the self-employed, or small-business people. Businesses are started out of necessity, interest, or a will to become independent. A key informant working for KRG and who himself attempted to run a business states that "People start businesses because they want to support their families. Number one. Other reasons could be that they cannot find jobs. They

have to find a way."<sup>37</sup> Understandably, generating income is the key motivation.

Aside from monetary considerations, "serving the community" and "creating jobs for locals" are reasons brought forward by entrepreneurs. We can therefore make the assumption that the notions of self-advancement and the individualist quest for money, which often characterize small businesses elsewhere, is not the only driving force in Nunavik. Serving the idea of capital accumulation for the prospect of one single individual or group is rejected. This does not prevent some of

the business owners in Nunavik to be very successful, with a handful generating millions of dollars in annual revenues.

#### **Sharing versus Selling**

Through my time living in Inukjuak, I realized the extent of the sharing economy in modern Inuit society. Over thousands of years, Inuit society "customarily functioned essentially on reciprocal solidarity" or a kind of collective insurance policy. <sup>39</sup> As the harvesting of country food (caribou, seal, beluga, etc.) can be highly volatile, sharing has been synonymous with survival and is a practice associated with representations of Inuit identity. <sup>40</sup> I was curious to know whether businesses were perceived as a new way of sharing. Small

businesses, I hypothesized, could be seen as opposite to the sharing mentality and therefore not valued locally. For some, the clash in philosophies is evident. One retired business owner in particular even goes as far as saying:

[Inuit] culture is so socialistic that individual business owners are seen as invaders. Inuit culture is so socialistic, it's infringing on communism. Everybody helps everybody. When you do business, you don't work like that.<sup>41</sup>

Similarly, for Palliser, business and traditional values do not go hand in hand:

It's an opposite mentality. It's very individualistic, the entrepreneurship where you capitalize on opportunity and try to make the most gain. Whereas Inuit, they think of supporting each other and making sure, you know, everyone is taken care of.<sup>42</sup>

In Nunavik, land ownership is collective, sharing is prevalent, and the state plays a predominant role. To make the jump from there and to say that Inuit society is communist is a whole other story. For Andy Moorhouse, vice-president of economic development at Makivik, the view is more nuanced:

[Entrepreneurship] is a foreign concept.
Traditionally, we were taught to share. I
was never taught to, let's say, use
whatever I catch from the land to sell it
and earn money. But then again, I don't
take offense from anybody who does that.
For many, it's their only source of income.<sup>43</sup>

The idea of entrepreneurship as a "foreign concept" was echoed by many interviewees. Business owners in Nunavik have grasped onto entrepreneurship as means to self-actualize while recognizing a globalized economy As behaviors become gradually more influenced by economic rationality, some worry that the

"We can therefore make the assumption that the notions of self-advancement and the individualist quest for money, which often characterize small businesses elsewhere, is not the only driving force in Nunavik." 38



"The idea of entrepreneurship as a "foreign concept" was echoed by many interviewees. Business owners in Nunavik have grasped onto entrepreneurship as means to self-actualize while recognizing a globalized economy."

sharing philosophy is slowing disappearing. One contributor, a woman and artist in Inukjuak, uses country food as the case in point: "They [community members] are starting to buy country food. They used to help each other. It's less there. It's a big erasing, helping each other. It's going away." 44 The tension created by the spread of monetary society and the imperialism of markets is real. 45

# **Entrepreneurship as a Tool for Self-Determination**

Evidently, Northern municipalities have witnessed a flurry of changes. The introduction of money, formal education systems, and permanent settlements

brought a whole new dynamic to the functioning of Inuit communities. To this day, Nunavimmiut feel "stuck between two worlds". What is hard to accept is that changes have been sudden and driven by external actors. This can be understood as fate control, one of the six critical domains in the Arctic Social Indicators report. 46 For an Inuit woman in business, individual businesses are a means to reduce the dependency that plagues Northern communities. Rather than a dual assessment, businesses can act as a contemporary tool to reinforce cultural values, pride, and a sense of identity:

We are proud of the fact that we are private. We're not a collectively-owned company. It's our way of saying: if we can do it, you can do it on your own. We're surviving on our own. We're not dependent on anything or anyone. But our main objectives are to help the people in the long run.<sup>47</sup>

She goes even further by arguing that collectively-owned organizations actually do more harm than good since "in a collective [group], people start asking for handouts and it doesn't really do anything for the people in the long run. There's no pride instilled."48 Clearly, an important distinction has to be made between participatory organizations and collectively owned entities. Much of the development in Nunavik is managed from the top-down. While entities such as Makivik or FCNQ are collectively owned and have generated substantive benefits, they do not necessarily foster active engagement.

Nearly all respondents acknowledge that

# "We [Inuit] are not here to survive, we're here to thrive and prosper and do better. Do better for our past generations and make them proud. That's what I try."

economic development is a way to strengthen self-determination—not in the sense of state sovereignty but in the sense of increased ownership and decision-making—and independence of Nunavik.<sup>49</sup> Most entrepreneurs and key informants relate to business as a means to foster a sense of identity and pride. A male entrepreneur in Kuujjuaq explains his motivations when saying that: "We [Inuit] are not here to survive, we're here to thrive and prosper and do better. Do better for our past generations and make them proud. That's what I try."50

Another entrepreneur in Kuujjuaq echoed these feelings, saying: "When you start

your own business and it's operating, it gives a sense of pride, a sense of resilience, and a sense of community also."51 The idea of proving that Inuit businesses can be successful in a modern economy is an important factor. And some of them are hugely successful! In an environment where suicides and insalubrious housing usually make the headlines, entrepreneurs and community leaders are taking action to ignite change. They are striving to build a better future for generations to come, and they are not waiting for changes to happen at the political level. They are inspiring the youth and showing that it is possible to

In trying to answer the first research question of the study, we can observe that the perceptions towards entrepreneurship are nuanced. In general, it would seem that entrepreneurship is seen as a foreign concept and a means to generate income and self-employment but also to increase Nunavik's selfreliance. Furthermore, some, but not all, of the business owners consider themselves as agents of social change with the intentions to improve well-being. Finally, there remains a tension between the entrepreneurs' nurturing of marketoriented entities and the communities' perceptions of business as a threat to Inuit traditions.





# BUSINESS IN NUNAVIK

Nunavik is a region in Canada where SMEs are extremely scarce. The reality of small and remote northern communities makes for a challenging business environment. Nevertheless, opportunities are abundant as investments in the Arctic reach record levels.

## **Challenges**

As we have seen, Nunavik is the region in gathered. Also surprising is the fact that Canada where businesses are the scarcest. 52 Results from the online survey show that the cost of doing business, taxes, and availability of skilled labor are the top three obstacles in running a business.<sup>53</sup> Surprisingly, lack of demand is not deemed to be a major challenge, scoring the lowest average score. This observation was reinforced in interviews, even by entrepreneurs whose businesses did not survive. Therefore, the hypothesis that the market in Nunavik is too small for companies to succeed does not seem to hold, at least based on the sample

financing is not considered to be a major obstacle for Inuit-owned businesses. KRG has done a very effective job at filling the funding gap given the lack of banking services. KRG offers up to 80% of financing in loans and contributions to beneficiary-owned businesses. Gathering the 20% can nevertheless be a major challenge according to key informants, with lack of savings prevalent among the population.

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# **TOP 3 CHALLENGES**

# 1. Operating Costs



The costs of raw materials, energy, shipping, and labor are all inflated. This can be explained by the high costs of living, which implies that salaries must be attuned. Also, the sheer distance and lack of road infrastructure justify high operating costs.

# 2. Taxes & Administration



Municipal, provincial, and federal taxes require heavy paperwork, often in a foreign language. For Palliser, operating a business in Nunavik is "like starting a business in Russia. You're in a foreign environment. Everything is foreign, it's in a different language."<sup>54</sup> The tax obstacle is only the tip of the iceberg, as it encompasses administration, accounting, and legal obligations. As a result, many entrepreneurs operate informally, without legally setting up shop. This allows them to avoid bureaucratic processes with limited risk of penalties since there is little official oversight.

Furthermore, the regulations are not adapted or tailored to the population. The Government of Québec holds on dearly

to the French language and no exceptions are made for Nunavik Inuit. By protecting French through Bill 101, the Government of Québec is adding to the burden of Nunavik's entrepreneurs. For a young entrepreneur in Inukjuak, everything is set up to fail:

The regulations here are set for the sake of the general public by administrators that don't live here. They're not adapted to our needs. The language barrier is a huge problem. Once you start a business, they refuse to talk in English. I've experienced that. [...] It's not friendly to start-ups. They try to have Québec standards up here as well. When they are not customized in a way that takes into account the reality of the region, everything's set up to fail.<sup>55</sup>

# 3. Availability of Skilled & Reliable Labor



With a high school drop-out rate reaching 75%, the local population has limited education by Western standards and qualified technicians are in high demand. More than a lack of formal education, the issue for small business owners is the reliability of the workforce. This issue is illustrated by a full-time

business operator in Inukjuak when he says that his employees "constantly need supervision." <sup>56</sup> In Kuujjuaq, established businesses lament the lack of Inuit workers specifically. As one business owner put it: "If we could have our way, it would be all Inuit employees." <sup>57</sup>



#### **The Trust Deficit**

Despite good intentions, entrepreneurs often have to rely on workers from the South of Québec since local labor is seen as unreliable. One hypothesis brought forward by interviewees is that welfare programs do not incentivize accountability and commitment from locals. As a result, entrepreneurs are perceived to reinforce the cycle of local unemployment, which in turn creates tension with community members. In interviews, the feeling of not being supported by the community is something that came back again and again. Despite the role of small businesses in stimulating local development, entrepreneurs feel misunderstood. A past entrepreneur reinforced this when asked if the community supported her as a business owner: "No. I'm sorry but no. For one thing, they [community members] don't understand it. The other is that many people think entrepreneurs are just trying to make money. Some people are jealous. A lot of it is not understanding what's trying to be done."5

The theme of "jealousy" appeared in 70% of interviews with current and past business owners. This collective attitude results in an environment where entrepreneurs are marginalized from their community. This feeling of jealousy captures a broader issue in Nunavik. In contrast with Albert Einstein's view that "it is important to foster individuality, for only the individual can produce new ideas," Inuit communities foster collective decision-making.<sup>59</sup> The focus on the collective can sometimes bring down individuals who try to innovate or propose fresh ideas that deviate from the norm. This is expressed by one entrepreneur: "When someone's trying to create something, there's a sense of jealousy. [...] This is common throughout different people. When people try to develop or self-actualize, this sense of jealousy tends to bring them down."60 If we make the link back to the perceptions toward entrepreneurship, the lack of support from communities illustrates a rejection or misunderstanding of individualistic businesses.

"The theme of "jealousy" appeared in 70% of interviews with current and past business owners."

# Inter-Generational and Gender Aspects of Business

The middle-age male demographic dominates the SME landscape in many regions, and this is also the case in the sample studied here. The gender and intergenerational aspects of business in Nunavik are definitely worthy of further research. Younger generations and women face very specific sets of challenges in Nunavik. A mother and business owner explains how the challenge is threefold for women: "We are mothers. We are working. And we're still trying to hold on to our culture [...] It's challenging."61 For another influential women in business, the issue is about confidence and awareness: "Nobody really understands what entrepreneurship is. There's a lot of women that [sell] arts & crafts without them being aware they are in business."62 According to Global Entrepreneurship Monitor, women are less likely than men to think they have the skills needed to start a business and are more likely to be prevented by a fear of failure. 63 Regarding the intergenerational aspect to business, very few young men or women are involved in entrepreneurism. This contrasts starkly with the general trend in Canada where the start-up environment is increasingly drawing a younger crowd.



## **Opportunities**

Despite the numerous challenges, opportunities for economic growth and prosperity are plentiful. According to an Economic Development Officer at KRG, challenges are a "blessing in disguise [...] if we can tackle them, benefits will fall on the community."64 With the advent of the Internet and a growing, young population, entrepreneurship offers an interesting avenue. According to the President of the Landholding Corporation in Inukjuak, Eric Atagotaaluk, "we [Inuit of Nunavik] have an opportunity to decide on how we want to grow."65

#### **Giving Priority to Local Service Providers**

The services sector is the most obvious one to tap into, according to participants. Currently, regional organizations subcontract to firms from the South of Québec but are eager for the services to be offered locally. Moorhouse explained Makivik's plan to promote and prioritize Inuit-owned businesses for contracts and public tenders. The first step is therefore to ensure that the services industry employs a local and regional workforce, as much as possible, before

subcontracting to organizations from the South of Québec. Unlike Makivik, it is not possible for KRG to implement such policies due to legal constraints imposed at the provincial and federal levels.

#### **Promoting the Creative Class**

The "creative capital" term was coined by Richard Florida in 2002 and may be defined as "a stock of creative abilities and knowledge(s) that have economic value and are embodied in a group of individuals who are engaged in creative (scientific, artistic, entrepreneurial or technological) types of activities."66 In Nunavik, there is certainly a lot of potential to further cultivate the creative class. Talent is abundant. To this day, artists and craftsmen and women operate on an isolated basis. According to an artist in Inukjuak, there is an opportunity to connect artists and create a network or "an umbrella organization to manage things."67 Leveraging existing knowledge and talent would create links between Nunavik's 14 communities and foster the development of more culturally appropriate content. According to According to a graphic designer Nunavik:

We can train people to make things here where we have a unique culture and environment: TV shows, movies, video games. Culturally, we don't have enough content in Inuktitut. We would be gaining by creating our own content and our own money. It's a win-win-win situation.<sup>68</sup>

For Andrey Petrov, Associate Professor of Geography at University of Northern lowa, the creative class provides an appealing alternative to economic development in the Arctic.<sup>69</sup> It goes much further than the arts & crafts sector and is a way through which Indigenous forms of knowledge can be valued and applied within today's economic reality.

## **Clean Energy as the Path Forward**

Communities operate solely on diesel. Not only does this cost a great deal, it also puts marine ecosystems at risk with multiple spills occurring in recent years. In Inukjuak, the Innavik Hydro Project was launched to offer the region a clean energy alternative. The small hydroelectric station could supply the community in lieu of diesel, and the project was approved by 83% of voters in a referendum.<sup>70</sup> Started in 2006, the local landholding organization is still in talks with provincial and federal bodies due to negotiations surrounding the ownership of the project and pricing. Renewable energy would not only provide a long-term, sustainable source of energy for the community, but it could also unlock an array of options. For Moorhouse, "due to the lack of energy available because we operate on diesel generators, we are limited. We can't do much. We can't do greenhouses for example. We can't move forward in different types of technology."7

Opportunities in Nunavik are plentiful, but it is key that they are adapted to the needs and reality of Northern communities. Inuit have always been resourceful and resilient people. Provided with the necessary resources and support systems, they can better transform ideas into reality.





# RECOMMENDATIONS

The third and final question I sought to answer through this research was: "What programs could be designed to support current and future entrepreneurs?" This analysis is based on the participants' views and my own perspectives.

# 1. Dissemination of Information and Support

Participants and key informants agree that improvements in communication are essential. KRG currently broadcasts quarterly updates on business activities on the regional radio and organizes local seminars in different communities. Dissemination of information could be made available through popular channels such as social media. A number of interviewees highlighted the need for improved communication to promote local recognition and communal pride.

The information could be made available in a visually dynamic way. According to many participants, Inuit are very visual. One KRG employee in her mid-twenties, particularly emphasizes the mode of learning: "We're visual and we touch and we learn like that. Reading, just seeing it, people won't be interested." The online survey reinforced this finding, with

respondents saying they would find video tutorials extremely useful (54%) and moderately useful (31%).<sup>73</sup> On the flip side, key informants also highlighted the reluctance of some entrepreneurs to communicate once they receive funding. It is therefore important to make sure that after-care is a two-way dialogue.

## Online Portal for Small Business Support

Based on these findings and discussions with Palliser, we decided to put together a plan to develop an online portal for small business support. The aim of the platform will be to provide tools and information to stimulate entrepreneurship and creativity in Nunavik with an expected launch in mid-2017, if budgets allow it. Users will go through interactive steps of business planning and will have access to tutorials on administration and bookkeeping. Information will be conveyed in Inuktitut and will be as visual and interactive as

possible. The goal is for this approach to engage a new generation of Inuit entrepreneurs. The platform will also engage users to think about the social economy.

# From Business Development to Business Sustainability

After a start-up is financed, continued support is limited but can also be attributed to the reluctance of some entrepreneurs to communicate. Indeed, KRG's Regional and Economic department support businesses in many ways in addition to financing. In 2015, the department provided 11 entrepreneurs with support to attend business trainings.

An important recommendation would be for the federal and provincial governments to monitor both short-term and long-term progression: business development but also business

sustainability. While aiming to create X number of new businesses every year is a quantifiable target, start-ups should be accompanied and nurtured through their developing phase. This could significantly improve their likelihood to survive. In practice, such an adjustment would imply monitoring survival rates following one, three, and five years. The need for mentorship is strong, with the online survey indicating that 54% believe mentorship would be extremely useful and 38% moderately or slightly useful.

# 2. An Alternative Form of Business Ownership?

The demand for more business support is clear. It would also be worthwhile to think about what business model works best in Nunavik, both in terms of economic viability and community buy-in. The FCNQ was created in 1967 and Air Inuit in 1978. Both of these are powerhouses within the economic landscape of Nunavik. Where is the new wave of social economy partnerships that have the potential to empower future generations and create a brighter future for *Nunavimmiut*?

Northern communities revolve around social economy organizations which promote collaboration and participation. In Inukjuak, the Unaaq Men's Association, started in 2001 after a wave of suicides, is an inspiring story. The association pairs local elders with youth to teach traditional skills, promote the preservation of Inuit culture, increase youth confidence and leadership, and create job opportunities. The social economy has proved its value in Nunavik but very promising organizations like Unaag suffer from chronic financial challenges and fail to generate sufficient revenues.

During my stay, I couldn't help but think about ways to merge social and market economies. Given the perspectives gathered and the challenges expressed,



is individual entrepreneurship the optimal path forward? Dana uses the case of reindeer herding in Sami communities to show that reindeer herds are individually owned but collectively managed. Drawing from Dana's analogy, businesses could unite to create collective entities in order to lower the cost of services. Creating tangible links between businesses in Nunavik is essential. If entrepreneurs share warehouse spaces, shipping containers, administrative overhead, or insurance contracts, costs could be reduced. Moreover, such methods would leverage the Inuit traditional values of sharing while creating commercial

synergies. A veteran entrepreneur echoes the importance of a regional network: "We've got to form one cohesive unit as entrepreneurs, one unit where we can approach, say, insurance. Twelve businesses approaching insurance company, you have a lot more clout! That goes across many different sectors."74 Such an approach would be immensely facilitated by establishing partnerships between public sector institutions and social economy organizations. KRG is striving to promote cross-sector partnerships. Moreover, discussions around the creation of a Chamber of Commerce are underway and the file is led by Makivik.

# 3. Changes at the Policy Level to Incentivize Entrepreneurship

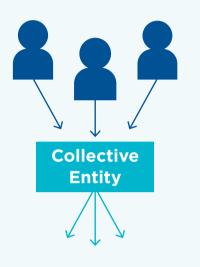
While many improvements can be made locally and regionally, many economic development policies are set at the provincial level. The Québec government has taken steps to encourage entrepreneurship across the province, but these efforts have not been felt in Nunavik.<sup>75</sup> For Palliser, "there's no link between the policy and small business needs."<sup>76</sup> KRG has nevertheless developed two tailor-made policies over the past decade including the Makigiarutiit Funds I & II to assist small businesses in the region. The most important is that policies are tailored to the region's needs. Adel Yassa, director of KRG's local and regional development department, understands the situation

by highlighting the need for "Nunavik-made" programs:

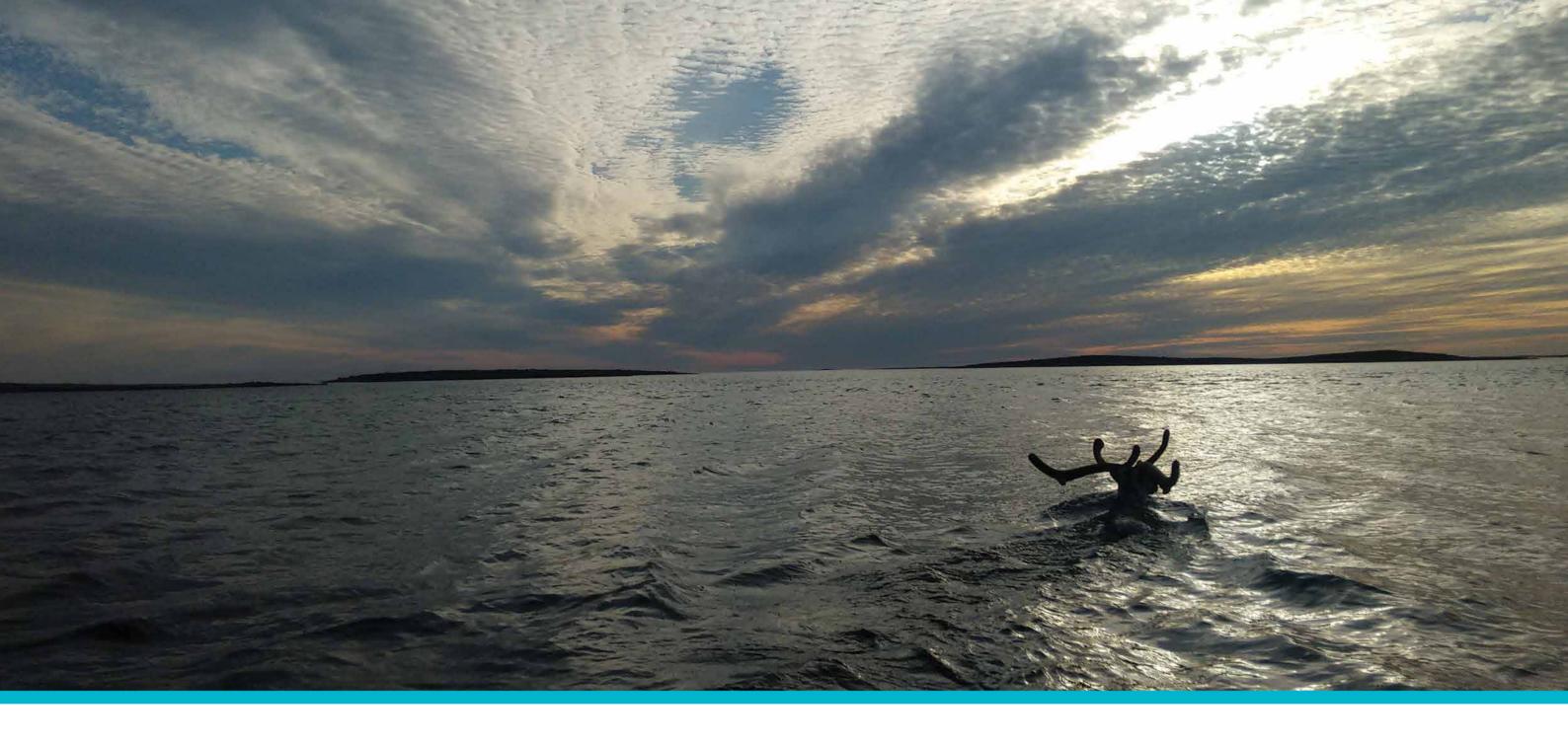
The government, the way they operate, they want quick feedback on the investment, immediate. What happened this year? But businesses do not take off like a helicopter, it takes time for them. [We need] Nunavik-made or tailor-made programs.<sup>77</sup>

Rather than looking at the number of jobs created on a yearly basis, government officials should monitor long-term metrics such as business survival rates across three or five years alongside their employment contributions. Another low-hanging fruit for policy-makers is to have relaxed language policies for businesses in Nunavik. Obviously, the key with these programs is that they are developed in collaboration with Nunavimmiut.

How to leverage existing networks while allowing for individual innovation?







# CONCLUSION

Nunavik is a great land—great not only for its majestic landscapes but also for the richness of its culture and the generosity of its inhabitants.

Despite a plethora of opportunities, especially with regards to the creative class and clean energy, entrepreneurs in Nunavik face a number of challenges. The top three challenges are: 1) operating costs, 2) taxes and business administration, and 3) availability of skilled and reliable local labor. These roadblocks are not preventing all SMEs in Nunavik from playing a role in an economy dominated by government and mining activities. In their quest for greater autonomy, Nunavik entrepreneurs are fostering a revitalized sense of initiative, resourcefulness, and, most importantly, pride. Sometimes

seen as individualistic agents, most entrepreneurs in Nunavik are actually determined to promote fundamental Inuit values. In that sense, we find that entrepreneurship in Nunavik relates to the concept of 'social entrepreneurship' while agreeing that there is no homogenizing representation.

A tension nevertheless remains between the nature of entrepreneurship which promotes capital accumulation for an elite and the importance of sharing and reciprocity within Inuit communities. This tension materializes itself through the feeling of jealousy felt by 70% of business owners interviewed. Local economic development is not necessarily welcome, even when conducted by community members themselves. One of the recommendations proposed is to raise awareness on what it means to run a business and the social role that entrepreneurs can have. Moreover, by regrouping and creating one cohesive unit, entrepreneurs have the ability to become not only more competitive but also more socially integrated. Because sharing in the Arctic is more than generosity, it's survival.

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