

# POSITION PAPER:

## “The Business Case for Aboriginal Inclusion in the Workforce in 2015”

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Over the past decade, “Aboriginal Inclusion” has become a buzzword among businesses as Canadians are coming to realize the potential implications of engaging with this growing population. What are the reasons why forward-looking Canadian businesses should seriously consider implementing an Aboriginal component to their business strategy? In response to this question, this paper will outline three parts to a business case for Aboriginal inclusion in current Canadian businesses. While these cases are presented separately, it is important to note that many of the benefits and implications of greater Aboriginal inclusion are intertwined and will occur in the long-term. Therefore, a long-term view is required to capitalize on many of these benefits.

### **The Demographics Case**

The fact that Canada’s population is aging should not be surprising. Countless studies have been dedicated to the impact of the baby boom and the baby boom echo on Canadian economy and society and the long term implications of an aging population. But now as the first of the ‘baby boomers’ begin to reach the age of retirement, change is in the air.

According to a Statistics Canada report, the Canadian labour force is projected to grow to between 20.5 and 22.5 million people by 2030, up 2 million from 2010.<sup>1</sup> Close to one person out of four workers is projected to be 55 years or older by 2021. The report also found that by 2031, about one in three people in the Canadian labour force could be foreign born, with a higher proportion in Ontario and British Columbia.

This is why Aboriginal population statistics in Canada are significant. It is widely acknowledged that the Aboriginal population of Canada (which includes First Nations, Métis and Inuit peoples) is the fastest-growing segment in Canada. The 2006 Statistics Canada census data found that between 1996 and 2006, the Aboriginal population grew by 45%, which is approximately 6 times faster than Canada’s non-Aboriginal population growth rate of 8%.<sup>2</sup> Another important characteristic of the Aboriginal population is that about 48% are between the ages of 15 and 24, as opposed to 31% of the non-Aboriginal population.

Significant Aboriginal population growth trends are projected to continue into the future. The Department of Indian and Northern Affairs Canada reports that the Aboriginal population growth in the next fifteen years is expected to increase most rapidly in urban areas, rising 42% from data collected in 2001.<sup>3</sup> According to the 2006 census, 54% of the Aboriginal population is currently located in cities, indicating an ongoing trend of urbanization.

Another important element of Statistics Canada’s 2006 census findings was that more Aboriginal people are furthering their education. Between 1996 and 2001 the proportion of Aboriginal people with post-secondary qualifications, which includes trades, college and university certification, increased from 33% to 38%. Aboriginal participation in trades is also higher than the national average: in 2006, 14% of the Aboriginal population held

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<sup>1</sup> Laurent Martel, Éric Caron Malenfant, Jean-Dominique Morency, André Lebel, Alain Bélanger, Nicolas Bastien, “Projected trends to 2031 for the Canadian labour force”, August 2011, Retrieved from: <http://www.statcan.gc.ca/pub/11-010-x/2011008/part-partie3-eng.htm>.

<sup>2</sup> Statistics Canada, “Aboriginal Peoples”, Retrieved from: <https://www12.statcan.gc.ca/census-recensement/2006/rt-td/ap-pa-eng.cfm>

<sup>3</sup> Indian and Northern Affairs Canada, “Aboriginal Demography: Population, Household and Family Projections, 2001-2026”, 2005.

trade credentials, as compared to 11% of the general population. It is estimated that there are approximately 50,000 Aboriginal students who are currently enrolled in post-secondary schools, and this number is projected to continue to grow.

What are the implications of this? It is apparent that the Aboriginal population in Canada is indeed an important part of the solution of how Canada will continue to address predictions for our future labour market. The Aboriginal workforce is both younger and faster-growing than the non-Aboriginal population of Canada. The trends of urbanization, increasing educational gains and the concentration in the skilled trades help to uniquely position the Aboriginal population to meet the needs of Canada's labour market. These trends show that Aboriginal people represent an upcoming young and able workforce that is eager and ready for training and new opportunities. Forward-thinking companies should include an Aboriginal component to their business strategy in order to strengthen their future competitiveness.

### **The Case for Diversity**

It has become widely understood that in today's globalized environment a diverse workforce is a key component of developing a competitive business strategy. Since 2000, a great deal of research has been dedicated to reviewing and understanding the effects of diversity in the workplace. General conclusions from this research have demonstrated that diversity not only improves decision-making in leadership positions, it also strengthens teamwork and allows organizations to become better equipped to serve more diverse markets. Understanding and implementing diversity strategies in Canada includes acknowledging the role of the Aboriginal population in shaping Canadian society and Canada's economy.

It must be acknowledged that multicultural teams are not a panacea: there are problems that are innate to diversity, which include potential bias, miscommunication and misunderstanding. But a multicultural workforce that has overcome these hurdles has a multitude of advantages. In 2001, Dr. Jeffrey Gandz published a book entitled *A Business Case for Diversity*, in which he finds several distinct advantages to implementing a diversity initiative. These benefits include a greater capacity for designing creative solutions to problems, an effective approach to communicating messages to different stakeholders and an increased ability to adapt to change. While these may seem like vague intangible benefits, he researched a number of different companies in Canada whose bottom lines were positively impacted by a diversity strategy.

One such company was IBM, where in the mid-1990s former CEO Lou Gerstner launched a diversity initiative that is widely credited to be a key reason for their turnaround. At IBM, diversity had more advantages than simply widening the talent pool: it allowed IBM to gain a greater understanding of a diverse marketplace. In an interview with David A. Thomas from the *Harvard Business Review*, Lou Gerstner stated "We made diversity a market-based issue ... it's about understanding our markets, which are diverse and multicultural."<sup>4</sup> In their deliberate approach to seeking ways to reach a broader and more diverse range of customers, one tactic that IBM implemented was the creation of separate task forces that focused on different groups of people, such as Asians,

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<sup>4</sup> David A. Thomas, "Diversity As Strategy", *Harvard Business Review*, September 2004.



women and gays and lesbians. Each task force was meant to research and understand differences among these groups and to find ways that IBM could appeal to each. Based on recommendations from these task forces, IBM began partnering with vendors to provide services to small and medium-sized businesses, which include a number of minority clients. For example, the task forces identified an opportunity that led IBM to establish its Market Development organization, which grew the revenues from the Small and Medium-Sized businesses from \$10 million in 1998 to hundreds of millions of dollars in 2003.<sup>5</sup> These revenues have continued to increase over the past decade.

Companies are no longer able to ignore the benefits of a diversity strategy in today's environment. By hiring a talented Aboriginal person in your organization, you may become aware of a business opportunity that you did not know existed – uncovering new customers or service providers. Increased Aboriginal involvement in the market economy has led to a boom of small business growth by Aboriginal peoples. In 2009, according to a TD Economics report, there were 27,000 Aboriginal businesses operating on and off reserves.<sup>6</sup> The report notes that one of the most promising business opportunities is the partnership of Aboriginal businesses with the non-Aboriginal business community. As the Aboriginal population continues to grow and receive access to post-secondary education, more and more opportunities for future business connections will occur.

### **The Case for Corporate Social Responsibility**

Over the past decade, many companies have committed to implementing a strategy of corporate social responsibility. Corporate Social Responsibility, or CSR, can be broadly defined by:

“the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.”<sup>7</sup>

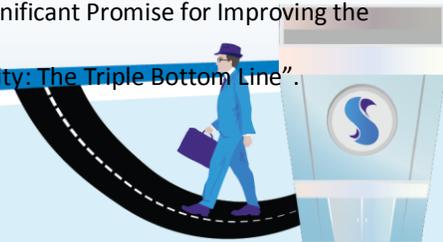
What are the actual benefits of committing to a CSR strategy? There are long-term benefits of being closely connected with a local community. The development of strong ties with a local community has often led to the production and subsequent evolution of more sophisticated and self-sustaining industries. The partnering of Aboriginal communities with resource extraction companies is one example of the potential benefits of being committed to the neighbouring community.

There are also short-term benefits of a CSR strategy to be considered: mainly, the positive image resulting from conducting business with social responsibility, which impact consumer choices. For example, the rise of fair trade certification across a variety of industries is evidence of the growing impact of CSR strategies upon business operations. The 2013 Cone Communications “Social Impact Study” found that interest and appetite in consumers for corporate involvement in social and environmental issues has continued to rise. The study found that only 7%

<sup>5</sup> Dr. Jeffrey Gandz, *A Business Case for Diversity*, 2001.

<sup>6</sup> TD Economics Reports, “Aboriginal People in Canada: Growing Mutual Economic Interests Offer Significant Promise for Improving the Well-Being of the Aboriginal Population”, June 11, 2009.

<sup>7</sup> World Business Council for Sustainable Development, “A Definition of Corporate Social Responsibility: The Triple Bottom Line”.



of the U.S. population believes corporations should only be concerned with their financial bottom-line, whereas “more than nine-in-ten [consumers] look to companies to support social or environmental issues in some capacity, and 88 percent is eager to hear from companies about those efforts. A whopping 91 percent wants to see more products, services and retailers support worthy issues – up eight percentage points since 2010.”<sup>8</sup> 93% of consumers have a more positive image of a company if they support a cause, and the study notes that trust and loyalty to a company also increased when a commitment to environmental and social issues were an integral part of operations.<sup>9</sup>

But how does CSR relate to Aboriginal inclusion? As publicly traded companies are increasingly being measured in terms of their business practices, one acknowledged measure of a commitment to Corporate Social Responsibility is how well a company works with the indigenous people where the company operates. This means how well companies perform at hiring local Aboriginal people and businesses will impact how firms are viewed globally and may impact their ability to attract investment. Encouraging diverse perspectives within an organization and finding ways to serve new customers helps drive innovation and growth.

A powerful business driver for growth can come from a commitment to their workplace, community and society at large. Canadian companies should recognize that Aboriginal inclusion can be part of growing value from improved Aboriginal relationships internally and externally. Achieving the union of corporate goals with social responsibility creates an opportunistic cycle: business objectives continue to drive an expansion of social commitment, and expanding the social commitments of a business will serve as drivers of growth. For companies that are taking a long-term perspective, commitments to corporate social responsibility offer the potential for close connections in new community markets and the added bonus of improving the overall image of the company.

## Conclusion

The case for greater Aboriginal inclusion in the Canadian workforce can be defined by three separate but interconnecting arguments: the demographic trends of the Aboriginal population, the strategic importance of diversity and the impact of commitments to corporate social responsibility. These all represent the work of longer term planning and reflection as each company decides how to respond to these new trends. A short term goal may be to offer Aboriginal Awareness training to current employees or to partner with firms that can get you started on your Aboriginal business strategy. After all the benefits are there, companies just need to take the first step to begin realizing their potential.

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<sup>8</sup> Cone Communications, “2013 Cone Communications Social Impact Study: The Next Cause Evolution”, 2013.

<sup>9</sup> Ibid.