



University of Technology, Jamaica

GEM

# GLOBAL ENTREPRENEURSHIP MONITOR 2016/17 JAMAICA REPORT



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# **GLOBAL ENTREPRENEURSHIP MONITOR**

## **2016/17 JAMAICA REPORT**

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## DISCLAIMER

The authors have attempted to ensure the accuracy and completeness of the information in this publication. However, no responsibility can be accepted for any errors and inaccuracies that occur. Whilst this work is based on data collected by the GEM consortium, responsibility for analysis and interpretation of the data is the sole responsibility of the authors.



## EXECUTIVE SUMMARY

Through a consortium of universities in over 100 countries, the Global Entrepreneurship Monitor (GEM) measures entrepreneurial attitudes, activities and motivations of entrepreneurs in participating countries. GEM collects data through an Adult Population Survey (APS) and a National Experts Survey (NES). It harmonizes the data and compares results among countries categorized at factor-driven, efficiency-driven and innovation-driven. Jamaica is an efficiency-driven economy. A sample of 2,020 in the APS and 36 experts in the NES provided data for the GEM Jamaica 2016/17 study.

The majority of Jamaicans are employed or seeking employment according to the APS data. While the possibility of operating a business is perceived positively, Jamaicans generally feel more comfortable having jobs compared to being self-employed. Small, simple businesses dominate the entrepreneurial landscape in Jamaica.

The majority of Jamaicans hold entrepreneurs in high regard. Matched against 62 countries in the APS, Jamaica ranks second highest. The Jamaican media highlights the value and importance of entrepreneurs. Compared to counterparts in Latin America and the Caribbean, Jamaicans are typically open to the idea of starting new businesses. They believe they have the required skills and abilities for starting a business and are not deterred by the possibility of failing.

The principal indicator of GEM is the Total Early-Stage Entrepreneurial Activity (TEA) rate, which measures the percentage of the 18 - 64 age group who are either a nascent entrepreneur or owner-manager of a new business. Nascent entrepreneurs are individuals who are actively

involved in setting up a business they will own or co-own but the business should not have paid salaries, wages or any other form of remuneration for more than three months. A new business, on the other hand, is one in which the owner-manager has paid wages, salaries, or other forms of payments for more than three months but not more than 42 months. The TEA rate for Jamaica in 2016/17 was 9.9%. Nascent entrepreneurs accounted for 59% of TEA, while the remaining 41 % was attributed to new businesses. Approximately 55 % of males and 45 % of females were involved in early stage entrepreneurship in 2016.

Jamaica's business discontinuation rate of 9.0%, compares favourably not only with the rest of Latin America and the Caribbean (9.6%), but also with North America (12.0%). Jamaica is known globally for its "sun, sand and sea." It is, therefore, likely that residents would target tourism as an area for entrepreneurship. Not surprisingly, the retail trade, hotels and restaurants category is the most prevalent type of TEA (59.2%). It would appear that Jamaicans are not adventurous when it comes to innovation: only 8% of Jamaicans in established businesses are of the view that customers consider products to be new or unfamiliar. Furthermore, the level of new technology utilization for both TEAs and established businesses is very low.

Several entrepreneurial framework conditions are captured in the NES of which the following four can be noted:

i) Financial support: Just over a half (54%) of the experts indicated that there is insufficient equity financing. There was general agreement also that the adequacy of debt financing as well as government subsidies for new and growing firms was inadequate.

ii) Government policies: Several policy guidelines including procurement, permits, taxes, licensing, and other regulations directly impact the cost, efficiency and efficacy of doing business in a country. Experts indicated that government policies do not consistently favour new firms. Forty-nine percent disclosed that government support for new and growing firms was not viewed as a high priority. Moreover, taxes on new and growing firms were regarded as burdensome.

iii) Commercial and service infrastructure: The questions regarding the commercial and service infrastructure consider the degree of availability of consultants, subcontractors and suppliers to new and growing firms. Thirty-six percent (36%) of experts believe that there are enough

subcontractors, suppliers, and consultants to support new and growing firms, while 84% of experts do not believe new and growing firms can afford the cost of using subcontractors, suppliers, and consultants.

iv) Physical infrastructure: Fifty-eight percent (58%) of experts revealed that the physical infrastructure (roads, utilities, communications, water, disposal) provides good support for new and growing firms. However, the vast majority indicated that it is too expensive for a new or growing firm to get good access to communications (phone, Internet etc).

Jamaicans are driven to engage in entrepreneurship by opportunities that exist and have a low level of fear of failure. However, supporting systems must be more favourable if entrepreneurial activities are to improve. While there have been improvements in education and training in entrepreneurship, opportunities must be expanded to ensure increased participation in entrepreneurial pursuits. Moreover, government policies should focus more on the creation of high-growth businesses and develop initiatives to support such businesses.

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## PREFACE



Michael Steele

GEM is the largest and most authoritative comparative study of entrepreneurship in the world. Started in 1999 as a partnership between Babson College and the London Business School, GEM is designed to provide an annual evaluation of entrepreneurial attitudes, perceptions and activities in a range of countries. GEM collects data in participating member countries, harmonizes the data and reports on entrepreneurial activities globally. The Monitor serves as a database for regional and international comparative research. Jamaica has been a member of GEM since 2005 and through the College of Business and Management (COBAM), University of Technology, Jamaica, has published a series of reports which are available to the public at [www.gemconsortium.com](http://www.gemconsortium.com).

Through this partnership with GEM, COBAM has strategically positioned itself to support the development agenda for the Micro, Small and Medium Enterprise (MSME) Sector in Jamaica. In fact, data from GEM was used to guide Jamaica's MSME Policy and the Vision 2030 strategic document.

The GEM Jamaican Team is resident at the University of Technology, Jamaica. GEM has provided practitioners, policy makers, educators and other personnel with credible, reliable and current information for sound decision-making.

Government and private sector leaders use the reports to guide deliberations and policies to assist the growth of entrepreneurship. Statistics from GEM reports are often cited by local and international researchers. The GEM Jamaica research project's main sponsor for 2016/17 is the National Commercial Bank, Jamaica, Ltd. (NCB). The findings will help researchers and communities in the developing world like Jamaica find solutions to their social, economic, and environmental issues as related to entrepreneurship. The Joan Duncan School of Entrepreneurship, Ethics & Leadership is proud to be the flagship bearer of such an important project.

Michael Steele, Head of School  
Joan Duncan School of Entrepreneurship, Ethics & Leadership

## PRESIDENT'S MESSAGE



Professor Stephen Vasciannie, CD

The University of Technology, Jamaica (UTech, Ja.) has been participating in the Global Entrepreneurship Monitor (GEM) since 2005 through our College of Business and Management. The 2016/17 GEM Report has been compiled through the dedicated and enthusiastic effort of the Jamaica GEM Team led by Dr. Girjanauth Boodraj and members of our College of Business and Management. I thank the team for the production of this very timely report.

One of the key objectives of GEM is to answer the question, “How does entrepreneurial activity contribute to national and international

economic prosperity?” Here at UTech, Ja., we are committed to playing our part in contributing to economic development, by promoting a spirit of innovation and entrepreneurship among our students, guided by technology. Entrepreneurship is, therefore, at the core of how we organize ourselves as an institution.

We believe that the benefits to the country from our participation in GEM will be significant as the results of the research can provide a strong platform and forum for public policy debates and would enable the development of a rich and powerful data base to policy makers and researchers alike.

Professor Stephen Vasciannie, CD  
President, University of Technology, Jamaica

September 6, 2017

## FOREWORD



Professor Paul Golding

Vision 2030 Jamaica National Development Plan emphasizes the importance of entrepreneurship as an engine for economic growth and development. GEM measures the level of entrepreneurial activities within and across countries and also identifies the influencing factors and characteristics of early-stage entrepreneurs. The College of Business and Management, University of Technology, Jamaica, has been a partner with GEM since 2005 and this is its eighth annual report.

The 2016/17 Report presents an assessment of the entrepreneurial activities, aspirations and attitudes of Jamaicans. GEM uses a funnel or pipeline approach to evaluate entrepreneurial activities in sequential phases: potential entrepreneurs, nascent entrepreneurs, new business owners, established business owners and discontinued businesses.

The Report also evaluates the level of innovation in entrepreneurial activity measured in terms of the novelty of products or services and the application of new technology. A summary of previous reports indicates the following characteristics - low level of technical skills, lack

of financing, low levels of operational and marketing capacity, low capacity for innovation and utilization of technology, limited product differentiation, weak linkages to supply chains, and insufficient promotion of entrepreneurship.

Entrepreneurs are key actors in turning low productivity around to create lasting economic benefits and quality jobs. It is, therefore, imperative that we create an economic environment which enables businesses to innovate and compete to increase productivity and grow into quality employers. If this growth agenda is not realized the cycle of low growth and high debt that resulted in sustained high unemployment rates, large-scale emigration of labour and high poverty rates will continue in Jamaica. A major policy challenge that this report will address is the capacity of Jamaican companies to innovate and grow.

Paul Golding  
Professor, Management Information Systems  
Dean, College of Business and Management  
University of Technology, Jamaica

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The GEM Jamaica Team has benefitted greatly from the contribution of individuals and institutions in carrying out the NES and the APS as well as in the production of this report. Specifically, the GEM Team acknowledges the contribution of:

- The National Commercial Bank, Jamaica, Ltd., for being the major sponsor of GEM Jamaica for 2016/17;
- Ms. Novelette Cooke for invaluable assistance in various areas including cover design, selection and placement of pictures, and editorial support;
- Dr. Michelle Black, former GEM Team Leader and COBAM staff, for carrying out all related duties of the GEM Jamaica Project until December 2016;
- The College of Business and Management for being a sponsor;
- All staff of the College of Business and Management who contributed towards the NES and other aspects of GEM-related activities;
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- Koci Market Research and Data Mining Services for conducting the APS to the satisfaction of GEM standards;
- All other persons and institutions who have contributed their time and efforts in the GEM 2016/17 Jamaica study.

# INTRODUCTION



The Global Entrepreneurship Monitor (GEM) is a vast, centrally coordinated, and internationally executed data collection and publication of the world's largest study of entrepreneurship. Started in 1999, GEM collects data from an Adult Population Survey (APS) and a National Experts Survey (NES) through a consortium of universities in over 100 countries. The GEM Jamaica team at the University of Technology, Jamaica (UTech, Jamaica) has participated in the study since 2005. For the 2016/17 study, the team has partnered with the National Commercial Bank, Jamaica, Ltd., and is pleased to present the GEM Jamaica Report.

## ***What GEM does***

GEM compares measures of entrepreneurial attitudes, activities, characteristics, motivations and ambitions of entrepreneurs in countries across the world (GERA, 2016/17). Sixty-five (65) countries from Africa, Asia & Oceania, Latin America & the Caribbean, Europe and North America participated in the study. Jamaica was among 13 Latin American and Caribbean countries which participated. Competitiveness in

a country's economic development is distinguished in three stages: *factor-driven*, *efficiency-driven* and *innovation-driven*. In the factor-driven stage, countries compete through

low-cost efficiencies in the production of commodities or low value-added products. In the second stage, *efficiency-driven*, countries must increase their production efficiency and educate the workforce to be able to adapt to technological development. To compete in the innovation-driven stage, countries must have efficient productive practices in large markets that allow exploiting economies of scale. Industries at this stage are manufacturers or providers of basic services (Acs, 2008). Jamaica competes at the *efficiency-driven stage*.

## ***The GEM conceptual framework***

The GEM conceptual framework presumes a relationship between entrepreneurship and economic development with three main objectives:

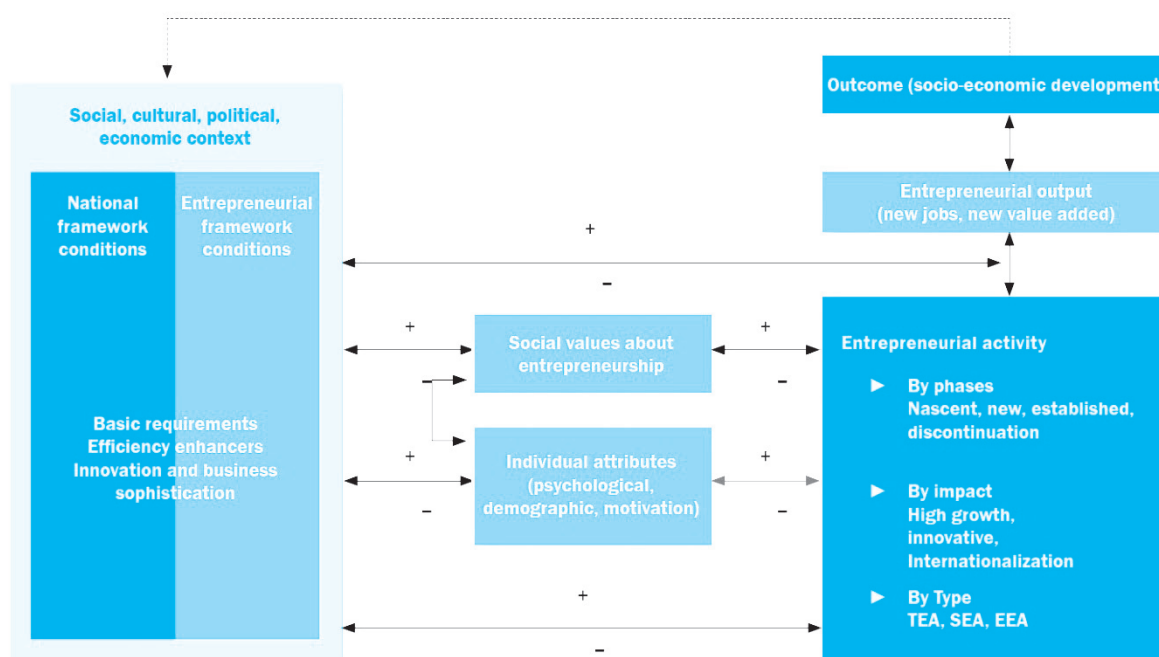
1. To measure the differences in entrepreneurial activities and the influences on economic growth among participating countries;
2. To uncover factors that encourage or promote entrepreneurial activity within economies; and,
3. To recommend policies that may enhance entrepreneurial capacity in an economy.

GEM operates on the premise that entrepreneurs and the businesses they establish play an influential role in the economic growth and standard of living of a country. The conceptual framework GEM uses (Figure 1), depicts the social, cultural, political and economic contexts through National Framework Conditions (NFCs) considering the development of each society through different phases of economic development. The NFCs relate to the quality of the entrepreneurial ecosystem: finance, government policy, government programmes, entrepreneurship education, research and development transfer, commercial and legal infrastructure, internal market dynamics and entry regulation, physical infrastructure, and cultural and social norms (GERA, 2016/17). A glossary of the main measures used is depicted Table 1.

## Research design and methodology

GEM collects data from participating countries using two common data collection instruments from the adult/working age population (18 to 64 years) in those countries. GEM expects that each country will survey approximately 2,000 adults through the Adult Population Survey (APS) and 36 experts in entrepreneurship are interviewed and surveyed using the prescribed GEM survey and interview instruments.

The APS seeks to collect information on nascent entrepreneurs, new firms, established business owners, potential entrepreneurs and those who discontinued in addition to the business environment and well-being of the population. Key concepts are defined in the APS to further ensure that all participants understand the questions being asked. The interviewers in the GEM APS explained the meanings of the various terms in the instrument to the Jamaican householders to ensure consistency in interpretation of questions.



Source: GERA, 2016/17, p.14.



**Table 1: Glossary of main measures and terminology**

Measure	Description
<b><i>Entrepreneurial Attitudes and Perceptions</i></b>	
Perceived Opportunities	Percentage of 18–64 age group who see good opportunities to start a firm in the area where they live
Perceived Capabilities	Percentage of 18–64 age group who believe they have the required skills and knowledge to start a business
Entrepreneurial Intention	Percentage of 18–64 age group (individuals involved in any stage of entrepreneurial activity excluded) who intend to start a business within three years
Fear of Failure Rate	Percentage of 18–64 age group with positive perceived opportunities who indicate that fear of failure would prevent them from setting up a business
Entrepreneurship as Desirable Career Choice	Percentage of 18–64 age group who agree with the statement that in their country, most people consider starting a business as a desirable career choice
High-Status Successful Entrepreneurship	Percentage of 18–64 age group who agree with the statement that in their country, successful entrepreneurs receive high status
Media Attention for Entrepreneurship	Percentage of 18–64 age group who agree with the statement that in their country, they will often see stories in the public media about successful new businesses
<b><i>Entrepreneurial Activity</i></b>	
Nascent Entrepreneurship Rate	Percentage of 18–64 age group who are currently a nascent entrepreneur, i.e., actively involved in setting up a business they will own or co-own. The business must not have paid salaries, wages or any other payments to the owners for more than three months
New Business Ownership Rate	Percentage of 18–64 age group who are currently an owner-manager of a new business, i.e., owning and managing a running business that has paid salaries, wages or any other payments to the owners for more than three months, but not more than 42 months
Total Early-Stage Entrepreneurial Activity (TEA)	Percentage of 18–64 age group who are either a nascent entrepreneur or owner-manager of a new business (as defined above)
Established Business Ownership Rate	Percentage of 18–64 age group who are currently owner-manager of an established business, i.e., owning and managing a running business that has paid salaries, wages or any other payments to the owners for more than 42 months
Business Discontinuation	Percentage of 18–64 age group who have, in the past 12 months, discontinued a business, either by selling, shutting down or

Business Discontinuation Rate	Percentage of 18–64 age group who have, in the past 12 months, discontinued a business, either by selling, shutting down or otherwise discontinuing an owner/management relationship with the business. Note: This is <i>not</i> a measure of business failure rates.
Necessity-Driven Entrepreneurial Activity	Percentage of those involved in total early-stage entrepreneurial activity (as defined above) who are involved in entrepreneurship because they have no other option for work
Improvement-Driven Opportunity Entrepreneurial Activity	Percentage of those involved in total early-stage entrepreneurial activity (as defined above) who (i) claim to be driven by opportunity, as opposed to finding no other option for work; and (ii) who indicate the main driver for being involved in this opportunity is being independent or increasing their income

Source: GEM 2010 Global Report, pp.63-64.

### ***Data collection***

The APS has been designed to reflect the characteristics of the voting age population of a country. Those selected to participate in the survey were representative of all Jamaicans between 18 and 64 years who reside permanently in Jamaica and live in private dwellings.

A multi-stage, stratified probability sampling procedure was employed in the study. Jamaica is divided into 14 parishes and the sampling first involved division by parishes. The second stage of the process differentiates between rural and urban areas, while the final stage encompasses the selection of Primary Sampling Units (PSUs). Enumeration Districts and maps were obtained from the Statistical Institute of Jamaica (STATIN). The primary sampling units are Enumeration

Districts with 80 or more dwellings at the time of the population census.

All field workers in the APS were trained in common areas such as ethics which guided the data collection and ensured the age was within the 18 to 64 years requirement. The data collection for the APS was completed in September 2016. Table 2 shows that 2,020 adults participated in the APS with a slightly higher number of males than females. Kingston and St. Andrew followed by St. Catherine had the highest number of participants. This is not unusual as those are the parishes with the largest numbers in the population.

Of the 2,020 respondents to the APS, 283 (or 14%) were involved in entrepreneurship.

**Table 2: Gender distribution by parish**

<b>Parish</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
<b>Kingston</b>	34	28	62
<b>St. Andrew</b>	222	243	465
<b>St Thomas</b>	35	34	69
<b>Portland</b>	32	29	61
<b>St Mary</b>	41	41	82
<b>St Ann</b>	62	62	124
<b>Trelawney</b>	28	27	55
<b>St James</b>	66	70	136
<b>Hanover</b>	24	25	49
<b>Westmoreland</b>	52	49	101
<b>St Elizabeth</b>	54	51	105
<b>Manchester</b>	70	69	139
<b>Clarendon</b>	87	86	173
<b>St Catherine</b>	191	208	399
<b>Total</b>	<b>998</b>	<b>1,022</b>	<b>2,020</b>

## SOCIETAL VALUES ABOUT ENTREPRENEURSHIP



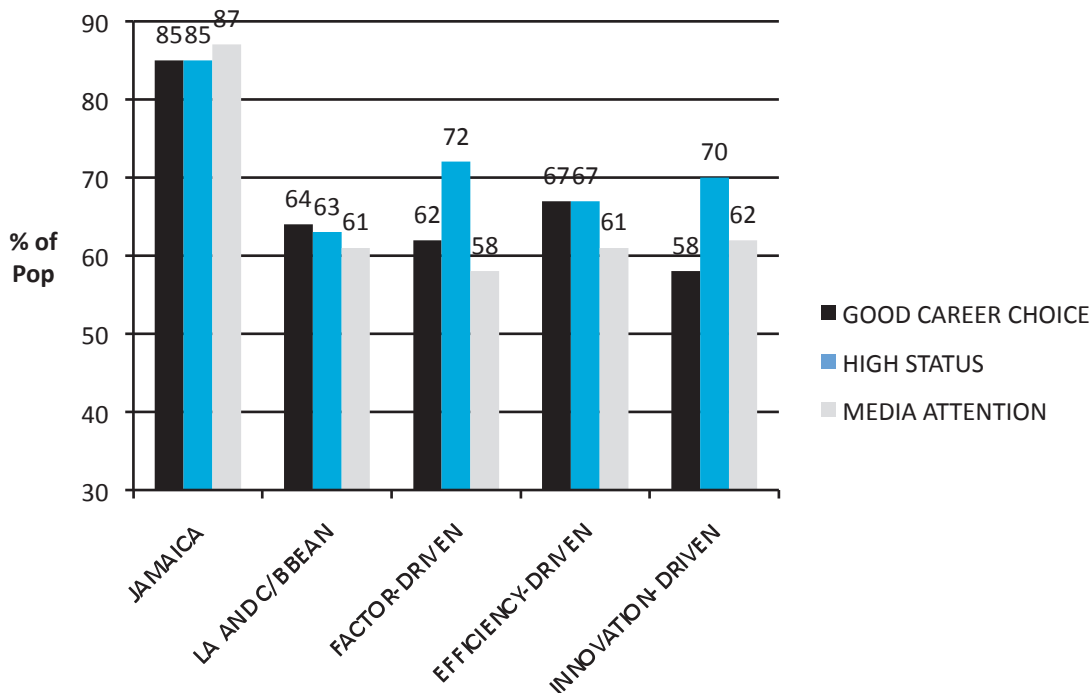
Societal attitudes and perceptions play a significant role in fostering and nurturing an entrepreneurial culture. Society's perceptions towards entrepreneurship can strongly influence people to participate in and support entrepreneurship. GEM investigates people's perceptions regarding entrepreneurship as a good career choice, the degree of media attention given to entrepreneurship, as well as the level of status afforded to successful entrepreneurs. Table 3 shows a ranking of societal values for participating countries.

### ***Career choice***

Unlike many countries worldwide, an overwhelming majority of Jamaicans have a high

regard for business persons. Eighty-five (85%) of Jamaicans in the 18 - 64 age group agree that in their country, most people start a business as a desirable career choice. This compares to only 64% for resident countries in Latin America and the Caribbean. Among 62 countries in the APS, comprising nearly 70% of the population, Jamaica ranked second, next to Guatemala, which registers 95%. More than the average for all efficiency-driven participating countries is only 67%, which is contrary to what may be expected in this group of countries (Figure 2).

**Figure 2: Career choice, status and media attention**



### Status

If an occupation is viewed as having high status then individuals would be drawn towards that occupation. Successful Jamaican entrepreneurs are highly regarded in the island, as 85% in the

18 - 64 age group agree with the statement that in their country, successful entrepreneurs receive high status. This ranks at four (4) among 62 participating countries. In terms of Latin America and the Caribbean, the average was only 63%.

**Table 3: Ranking of societal values of entrepreneurship by region**

Country	Entrepreneurship as a good career choice		High status to successful entrepreneurs		Media attention for entrepreneurship	
	Rank/62	Score	Rank/62	Score	Rank/62	Score
Burkina Faso	6	80.6	1	90.6	22	67.2
Cameroon	40	57.3	32	69.2	33	60.2
Egypt	3	83.4	2	87.1	26	62.1
Morocco	7	79.3	50	58.7	30	60.7
South Africa	15	72.6	17	78.1	13	74.2
Total		74.6		76.7		64.9
Australia	46	54.2	25	71.5	12	74.3
China	19	70.3	18	77.8	4	79.3

Georgia	17	71.4	12	79.7	39	57.6
Hong Kong	44	55.4	42T	63.4	18	70.8
India	57	44.4	61	46.7	61	39.7
Indonesia	20	69.0	13	79.3	7	77.1
Iran	52	52.4	10	80.5	37	57.9
Israel	28	64.2	3	85.5	45	53.8
Jordan	12	73.5	7T	82.3	11	74.7
Kazakhstan	10	74.3	9	82.0	10	75.0
Korea	55	45.3	46T	60.2	21	67.8
Lebanon	-	-	-	-	-	-
Malaysia	58	44.1	59	50.3	41	56.4
Qatar	18	71.2	11	80.4	23	66.7
Saudi Arabia	4	81.3	15	78.7	8	75.9
Taiwan	13	73.2	44	62.2	2	83.9
Thailand	11	73.7	22	73.6	5	78.3
Turkey	5	80.8	24	72.1	43	55.8
United Arab Emirates	9	75.1	7T	82.3	3	83.8
Total		65.2		72.7		68.3
Argentina	36	61.7	58	50.4	35	58.5
Belize	24T	65.6	26	71.3	48	51.3
Brazil	-	-	-	-	-	-
Chile	24T	65.6	40	63.8	32	60.3
Colombia	23	67.2	20	76.2	44	54.2
Ecuador	37	59.5	45	61.1	19	69.5
El Salvador	16	71.5	55	52.6	50T	49.6
Guatemala	1	95.2	16	78.3	25	63.7
Jamaica	2	85.2	4	84.5	1	87.2
Mexico	56	44.5	60	47.2	58	41.0
Panama	33	63.2	49	59.7	54	46.8
Peru	22	68.1	28	70.8	9	75.2
Puerto Rico	62	21.5	57	50.5	6	77.5
Uruguay	39	58.7	54	55.8	34	58.8
Total		63.7		63.2		61.0
Austria	-	-	-	-	-	-
Bulgaria	50	52.9	35	66.9	59	40.7
Croatia	34	62.2	62	45.6	53	47.2
Cyprus	14	72.7	38	65.7	57	42.4
Estonia	49	53.2	41	63.6	46	52.7
Finland	60	40.3	6	83.0	17	71.4
France	41	57.1	33T	69.0	56	45.2
Germany	53	51.8	14	78.9	49	50.5
Greece	30	63.6	37	65.9	62	38.5
Hungary	51	52.8	27	71.0	60	40.6
Ireland	43	56.3	5	83.1	16	72.2
Italy	32	63.3	30	69.7	47	52.3
Latvia	45	55.2	52	57.8	42	56.3
Luxembourg	59	42.1	31	69.6	55	45.9



Macedonia	27	64.8	51	58.5	30T	60.7
Netherlands	8	77.9	46T	60.2	40	57.3
Poland	35	61.9	53	56.2	38	57.7
Portugal	21	68.8	42T	63.4	20	68.8
Russia	31	63.4	39	65.6	52	48.9
Slovakia	54	50.6	48	60.1	29	60.9
Slovenia	42	56.8	33T	69.0	24	65.9
Spain	47	53.7	56	50.7	50T	49.6
Sweden	48	53.6	29	69.9	27	62.0
Switzerland	61	38.9	36	66.0	36	58.3
United Kingdom	38	58.8	19	77.2	28	61.1
Total		57.2		66.1		54.5
Canada	26	65.5	23	73.5	14	72.6
USA	29	63.7	21	74.4	15	72.4
Total		64.6		74.0		72.5

Source: GERA, 2016/17, pp.105-106

### ***Media attention***

Jamaican media often carry stories of successful businesses, as 87% in the 18 - 64 age group agree with the statement that in their country they will often see stories in the public media about successful new businesses. Jamaica ranks at

number one (1) among 62 countries in the APS. In terms of the entire Latin America and Caribbean, only 61% agree with the statement. The corresponding average for factor-driven countries is 58%, for efficiency-driven, 61%, and for innovation-driven, 62% (Refer to Figure 2).

## SELF-PERCEPTIONS REGARDING ENTREPRENEURSHIP



### *Perceived opportunities*

GEM defines perceived opportunities as the percentage of the population in the 18 - 64 age group who see good opportunities to start a firm in the area where they live. Among the 62 countries that participated in the APS, Jamaicans are most perceptive in identifying business opportunities (64%), although perceived opportunities for factor-driven, efficiency-driven and innovation-driven countries are very much similar at 44%, 42%, and 41%, respectively (see Figure 3). Jamaica ranks at number four (4) in the world: the only

countries surpassing Jamaica are Saudi Arabia, Sweden and Belize, ranked at 1, 2, and 3, respectively. The perceived opportunities for Latin America and the Caribbean (44%) is much lower than that for Jamaica.

It can, therefore, be deduced that Jamaicans are driven to start their own businesses based on the opportunities they perceive to exist. Of interest, is that participants' perceptions of their capabilities to start businesses are higher than their perceptions of the opportunities that exist.

### *Perceived capabilities*

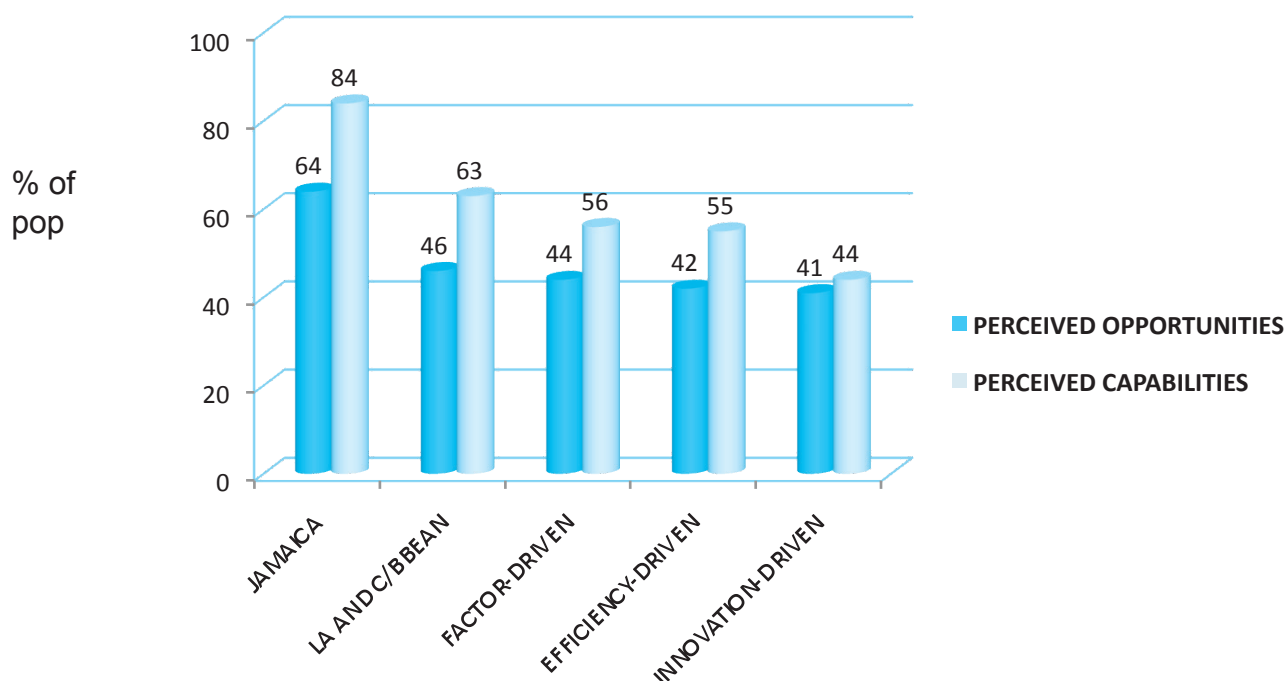
Eighty-four percent (84%) of Jamaicans in the 18 - 64 age group believe that they have the required skills and knowledge to start a business. This ranks at number two (2) among 62 countries. The proportion of adult Jamaicans (84%) is almost twice that for the innovation-driven countries as a group (44%) in terms of perceived capabilities for starting businesses. Belize ranks at number one (1), while the average for Latin America and the Caribbean is 63%.

Capability perceptions are lower in innovation-driven economies than in factor-driven and efficiency-driven countries, while perceived opportunities are essentially alike across the three categories of countries. Particularly low capability perceptions are recorded for Asian economies – just over 25% of adults in Taiwan, Malaysia, China and Hong Kong believe they possess entrepreneurial capabilities (GERA, 2016/17).

The GEM 2016/17 Global Report further noted that individuals in economies at various stages of development may pursue different kinds of businesses. This suggests opportunity perceptions and capabilities could differ substantially across countries. In innovation-driven economies, for example, more refined skill

sets are required since entrepreneurial pursuits are often directed towards sectors such as information and communication technologies and high-end financial and personal services, while in factor-driven economies, retail businesses are abundant.

**Figure 3: Perceived opportunities and perceived capabilities**



### ***Fear of failure***

Innovation-driven countries account for the highest rates of fear of failure compared to countries in the other phases of development. A possible explanation is that in developed countries, people have greater opportunities to pursue careers in jobs and, therefore, are less

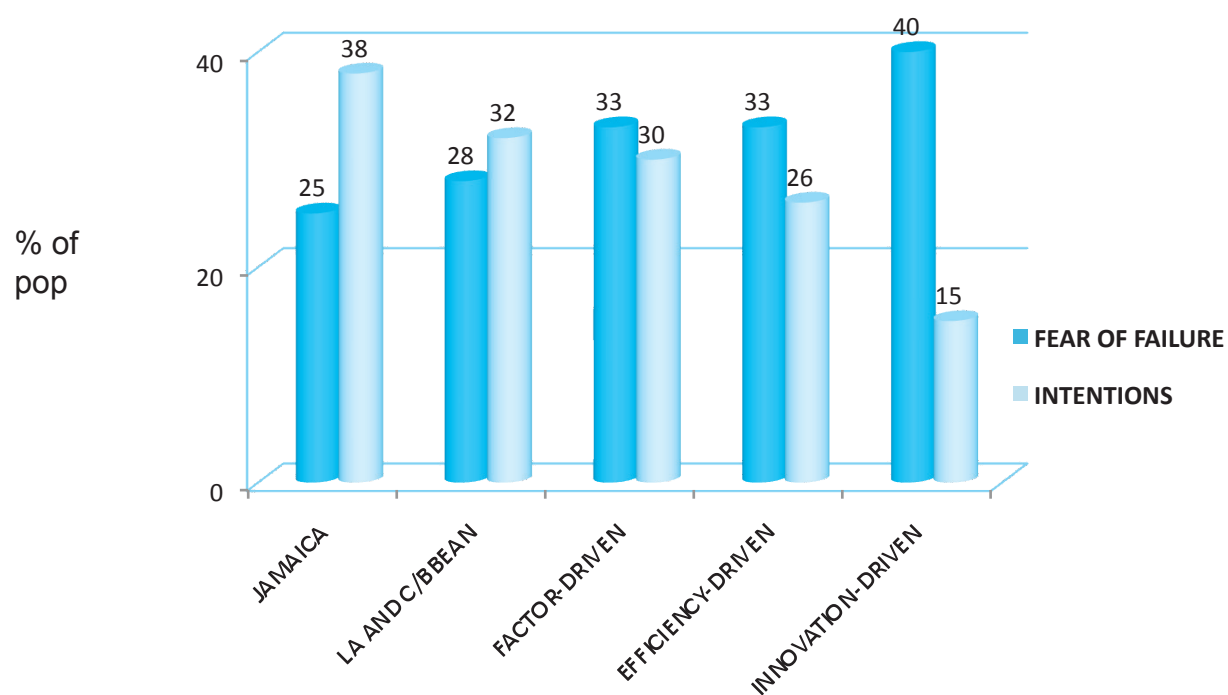
inclined to risk setting up businesses (GERA, 2016/17). In Jamaica, only 25% of the 18 - 64 age group with positive perceived opportunities indicated that fear of failure would prevent them from setting up a business (Figure 4). The island ranks at 60 out of 62 countries, being among the lowest. The average for Latin America and the Caribbean is slightly higher at 28%.

### ***Entrepreneurial intentions***

Except for individuals who are already involved in entrepreneurship, the percentage of Jamaicans in the 18 - 64 age group who intend to start a business over the next three years is 38%, compared to 32% for Latin America and

the Caribbean. Among 62 countries overall, Jamaica ranks at 11 in this regard. The entrepreneurial intention rate for factor-driven countries (30%) is twice the rate for innovation-driven economies (15%). This confirms the findings in previous GEM surveys where the intention rate tends to be higher in countries where people have limited options to secure an income.

Figure 4: Fear of failure and entrepreneurial intentions



# CHARACTERISTICS OF ENTREPRENEURS

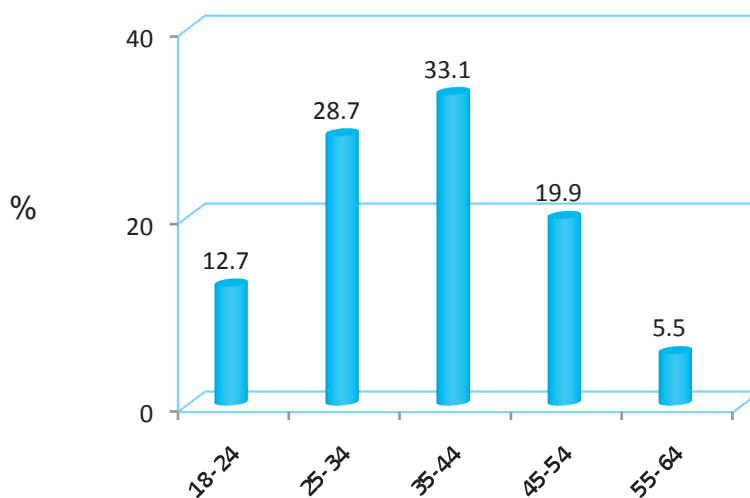


## Age

The 2016/17 GEM Survey has a sample of 2,020 individuals ranging between 18 and 64 years of age. The survey shows that most Jamaicans are in the 25 - 34 age group. This finding is consistent with the 2013 GEM Jamaica Report. This also depicts a similar pattern to the 2016/17 Global Report where the 25 - 35 age range was the dominant category.

There are also similarities in age distribution between the APS 2016 and that of the 2011 Population Census, except for the 35 - 44 age category which has a marked difference (Figure 5).

**Figure 5: Comparison of age distribution**



## ***Gender***

The APS comprised 2,020 respondents of which 1,022 (50.6%) were females and 998 (49.4%) males. However, approximately 55% of males and 45% of females were involved in early stage entrepreneurship in 2016. This represents a slight change when compared to the 2013 APS which revealed 53.9% males and 46.1% females.

## ***Employment status***

Table 4 shows that the majority of Jamaicans are employed either on a full time basis (17.1%) or part-time basis (13.3%) by others, as well as being self-employed (27.9%). A large proportion (20.5%) is also seeking employment.

**Table 4: Employment status of Jamaicans**

<b>Employment Status</b>	<b>Yes</b>	<b>Percentage</b>
Employed by others in full-time work	346	17.1
Employed by others in part-time work	268	13.3
Self-employed	563	27.9
Seeking employment	415	20.5
Not working: retired or disabled	70	3.5
A student	177	8.8
Full-time home-maker	56	2.8

## ***Motives***

According to Figure 6, having greater independence (56.6%) is the most important motive for pursuing entrepreneurship opportunities followed by an increase in personal income (22.6%). The least proportion of persons

(18.2%) pursues entrepreneurship opportunity just to maintain an income. This result is consistent with the 2011 GEM Jamaica survey which indicates that the majority of persons are motivated to pursue entrepreneurial activities so as to supplement their income.

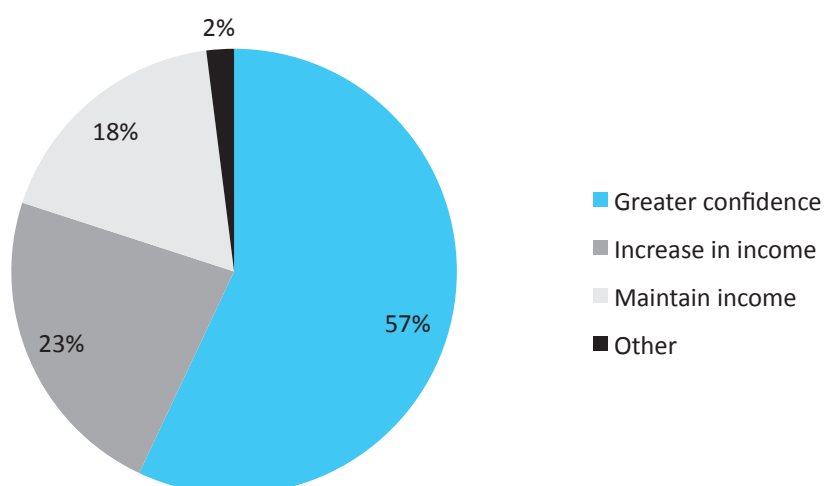
## ***Educational level***

The highest level of education is completed at the secondary level (70.7%). This finding is consistent with the 2011 and 2013 GEM Jamaica Report. This is followed by Post-Secondary Education (15.9%) with other levels of education below 10 percent (Table 5). Secondary level education can enable the acquisition of lower

level competencies required for small business operations while post-secondary education allows for the acquisition of managerial skills. The attainment of knowledge and requisite skills are important in conceptualizing entrepreneurial ideas, starting a business, and managing it effectively.



**Figure 6: Motives for entrepreneurship**



**Table 5: Educational levels - APS 2016/17**

Educational Level	Frequency	Percentage
None	28	1.4
Primary	187	9.5
Secondary	1,387	70.7
Post-secondary	312	15.9
Masters	47	2.4
Doctorate	1	0.1
<b>Total</b>	<b>1,962</b>	<b>100</b>

### ***Income distribution***

Seventy-six percent (76%) of Jamaicans report their household income distribution, which is the total annual income of all members of the household. Three members predominantly comprise a household (19.8% of the sample).

The majority of households (96.8%) earn less than J\$3,028,546.01 annually (Table 6). This represents a monthly combined household income of \$252,378.83 which is within the low income bracket and can impact consumer purchasing power and ability to amass funds to start businesses.

**Table 6: Income distribution of households: APS 2016/17**

<b>Income (J\$)</b>	<b>Frequency</b>	<b>Percent</b>
<b>&lt; 3,028,546.01</b>	<b>1,505</b>	<b>96.8</b>
<b>3,028,546.01 – 6,057,092.02</b>	<b>43</b>	<b>2.8</b>
<b>6,057,092.02 – 9,085,638.02</b>	<b>5</b>	<b>0.3</b>
<b>&gt; 9,085,638.02</b>	<b>1</b>	<b>0.1</b>
<b>Total</b>	<b>1,554</b>	<b>100</b>

## ENTREPRENEURIAL ACTIVITY



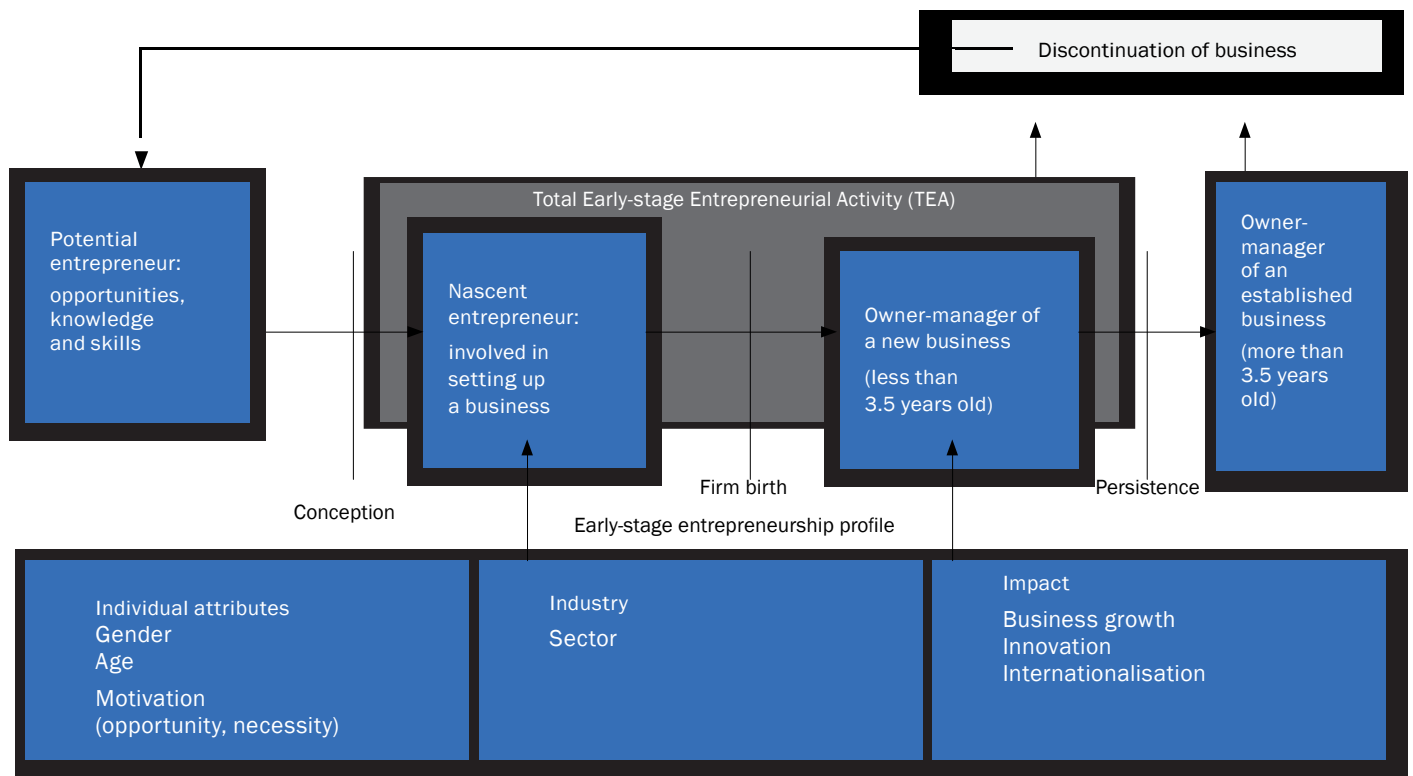
According to the GEM 2016/17 Global Report, an entrepreneur can be situated in different phases:

- a) **Potential Entrepreneurs:** Individuals between the ages of 18 and 64 years in the population who intend to start a business within the next 3 years.
- b) **Nascent Entrepreneurs:** Individuals between the ages of 18 and 64 years in the population who have taken steps towards creating new businesses in the past year of the GEM Report. The individual must also expect to own fully or own a share in the business and must not have paid any wages or salaries for more than three months.
- c) **New Business Owners:** Individuals between the ages of 18 and 64 who reportedly owned and managed businesses that have paid wages or salaries for more than three months but less than 42 months.
- d) **Established Business Owners:** Individuals between the ages of 18 and 64 who owned and managed businesses that have paid wages or salaries for more than 42 months.
- e) **Discontinuers:** Individuals between the ages of 18 and 64 years, who have sold, shut down, discontinued or quit a business in the past 12 months.

Entrepreneurship activity is also assessed in terms of high growth potential, innovation, and internationalization.

Figure 7 outlines the entrepreneurial ecosystem, showing phases of economic activity interspersed with individual attributes, the industry and the economic impact.

**Figure 7: GEM model of business phases and entrepreneurship characteristics**



Source: GERA, 2016/17, p.15.

### ***Total early-stage entrepreneurial activity***

The principal indicator of GEM is the Total Early-Stage Entrepreneurial Activity (TEA) rate, which measures the percentage of the adult population (18 - 64 years) who are in the process of starting or have just started a business. This indicator measures individuals who are participants either as nascent entrepreneurs or new business

owners. TEA rates tend to be highest in the factor-driven set of economies with such rates decreasing with higher levels of economic development.

A look at Figure 8 shows the TEA rates for 64 economies including Jamaica. Jamaica's rate of 9.9% is approximately 50% that of Latin America and the Caribbean and tends to be more in line with countries of the efficiency-driven economies (including Europe).

**Figure 8: TEA rates in 64 GEM economies 2016/17**

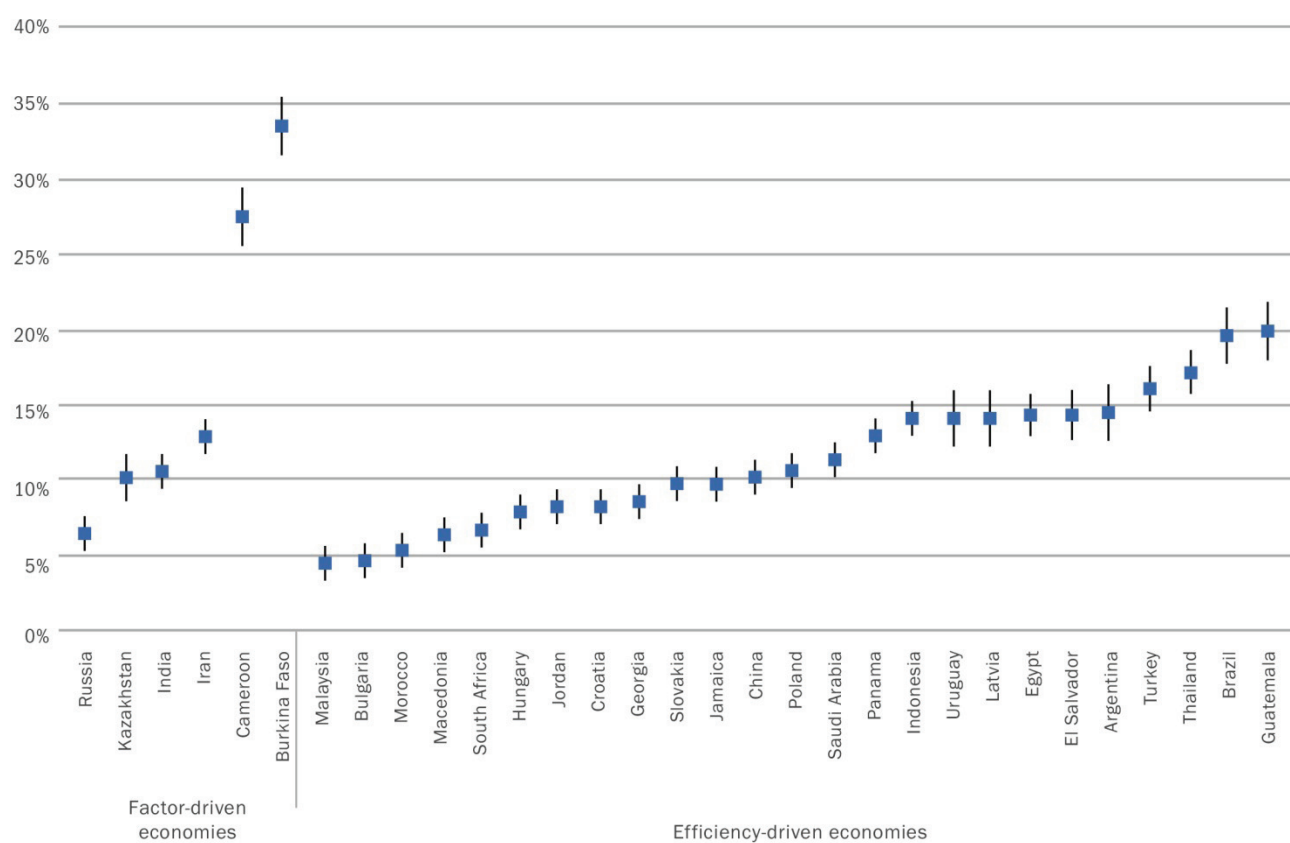
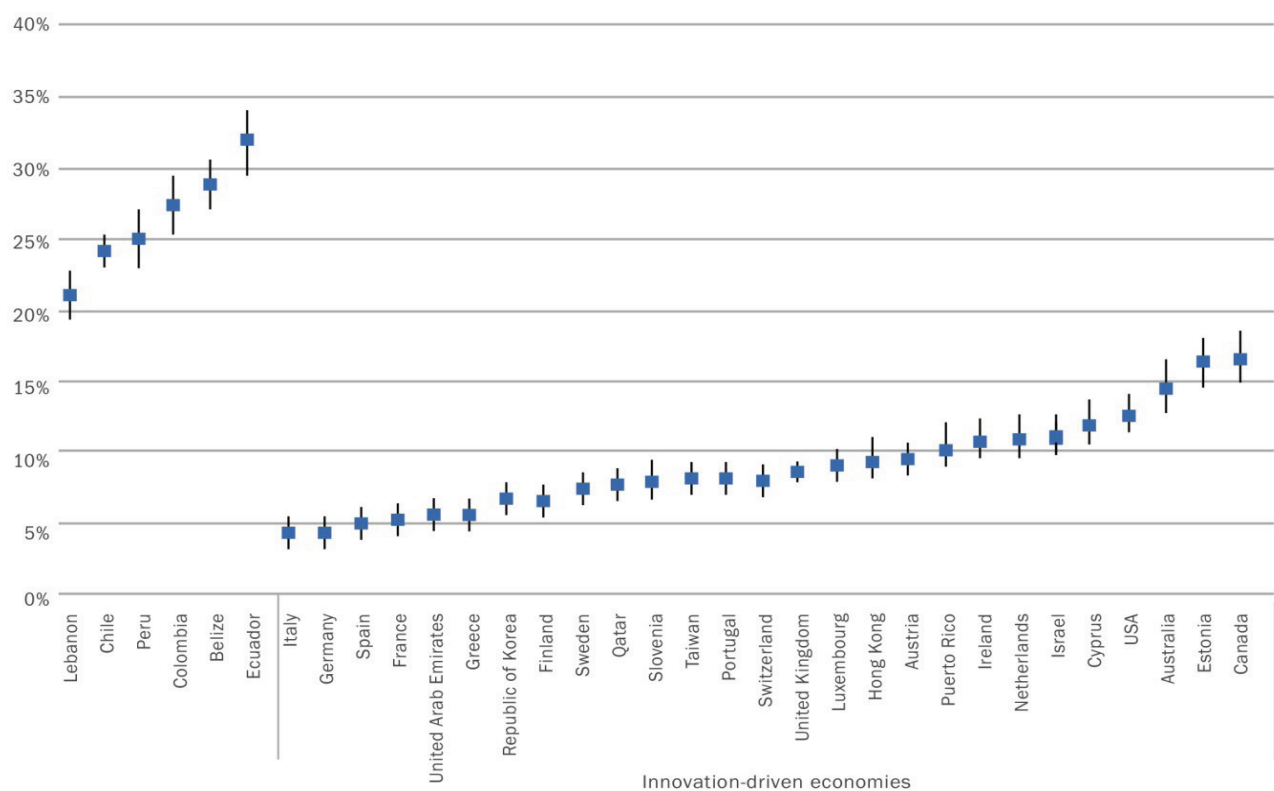


Figure 8: Continued

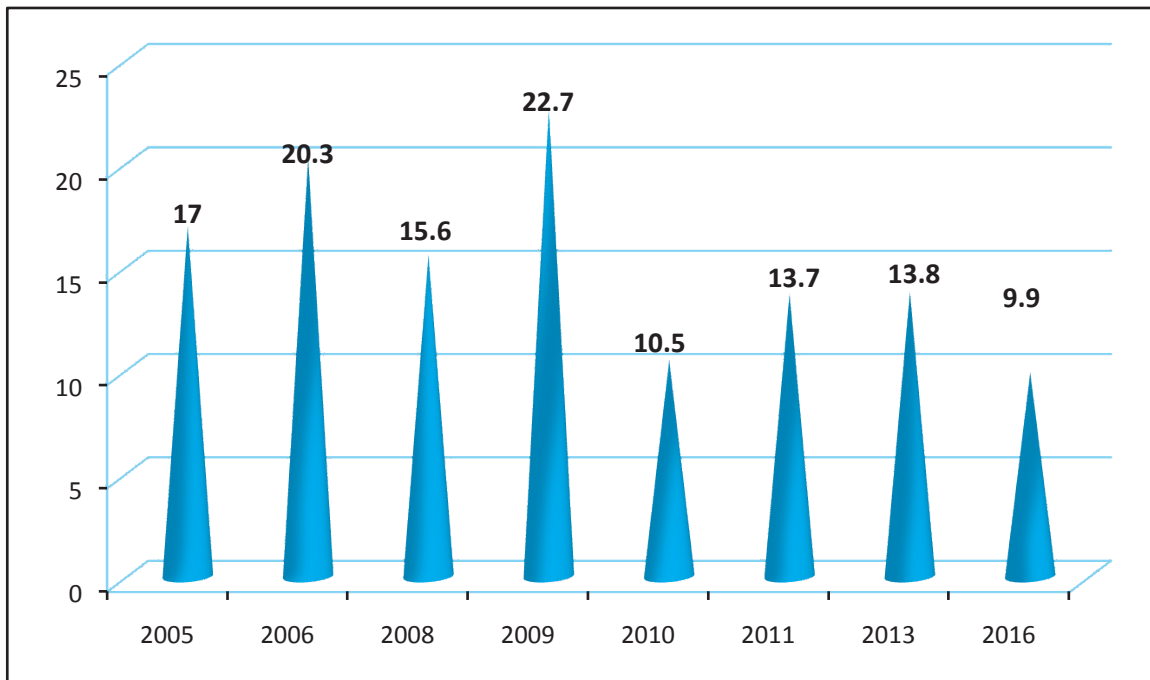


A longitudinal study of TEA rates for Jamaica (2005-2016) is shown in Figure 9. Jamaica did not participate in GEM during the years 2007, 2012, 2014 and 2015. When the global recession began in 2009 the TEA rate was 15.6%. It then climbed to 22.7% in 2008 which would have given rise to increasing unemployment. Unemployment is of course a fodder for early-stage entrepreneurial activity.

In 2010, the TEA rate declined dramatically to 10.5% as the economy

improved then rose and stabilized at 13.7%, and 13.8%, respectively, for 2011 and 2013. The years 2013 to 2016 saw a remarkable period of economic stability with a new IMF Agreement and successive years of passing the economic tests related to the Agreement. The resulting draw down of funds for public sector investments, improvements in agriculture and tourism, all militated against individual pursuits in entrepreneurship. It was, therefore, not surprising to see a 9.9% TEA rate in 2016.

Figure 9: TEA rates for Jamaica: 2005-16



In 2013, Jamaica was re-classified as an efficiency-driven economy and the trends were noticeable in not just the TEA rate

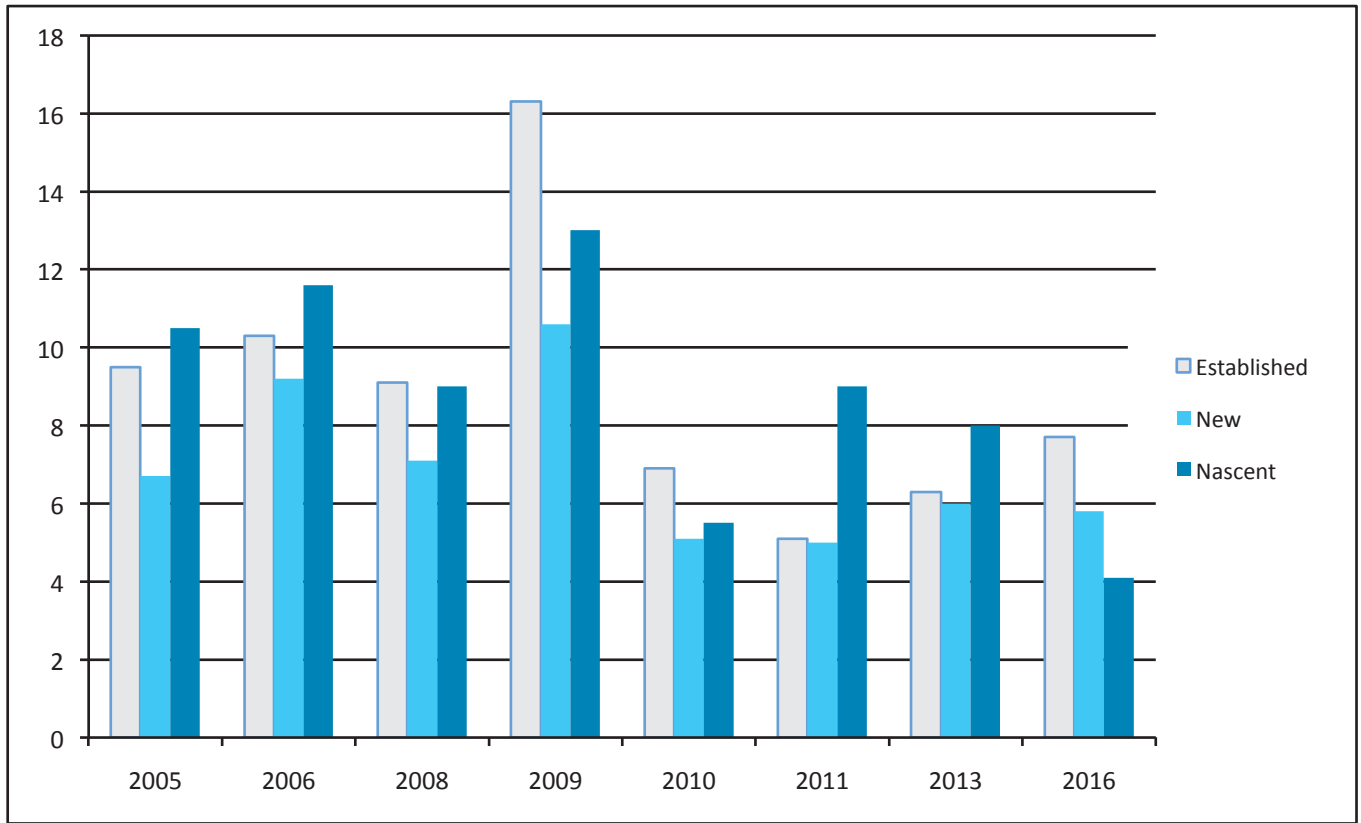
but overall entrepreneurial activity rates, inclusive of established businesses (Figure 10).

### ***Demographics of TEA***

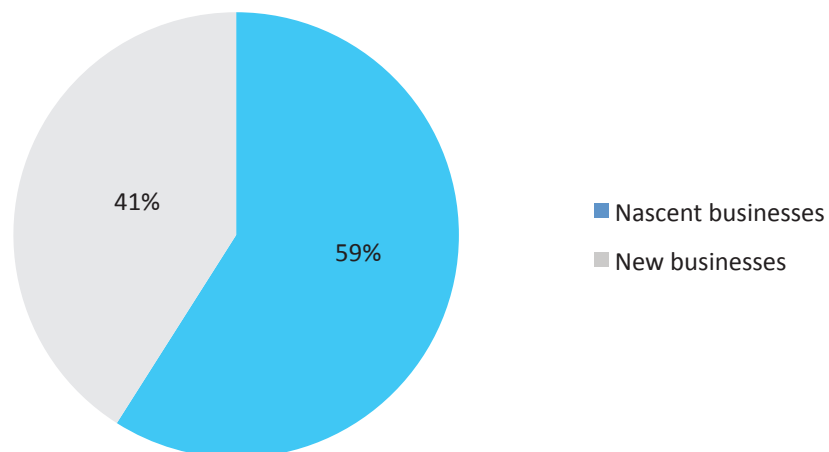
The TEA rate for 2016/17 was 9.9%. Nascent entrepreneurs accounted for 59% of TEA, while the remaining 41% was attributed to new owner-manager businesses (Figure 11). More adult males (53.9%) than females were observed. A

significant proportion (33%) in the TEA for 2016 was in the age group 35 - 44, with secondary school education representing almost a half of the TEA in terms of educational attainments of entrepreneurs. For comparison of TEA rates by gender, age, and education, see Figures 12, 13 and 14, respectively.

**Figure 10: Established, new and nascent business rates (percentages)**

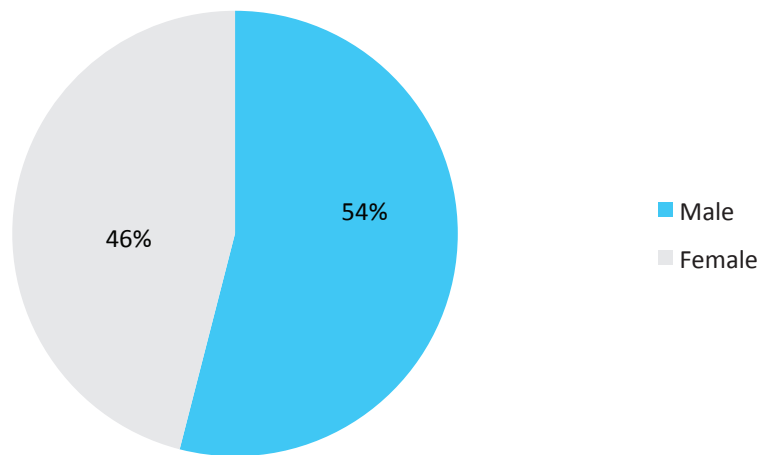


**Figure 11: Comparison of nascent and new businesses**

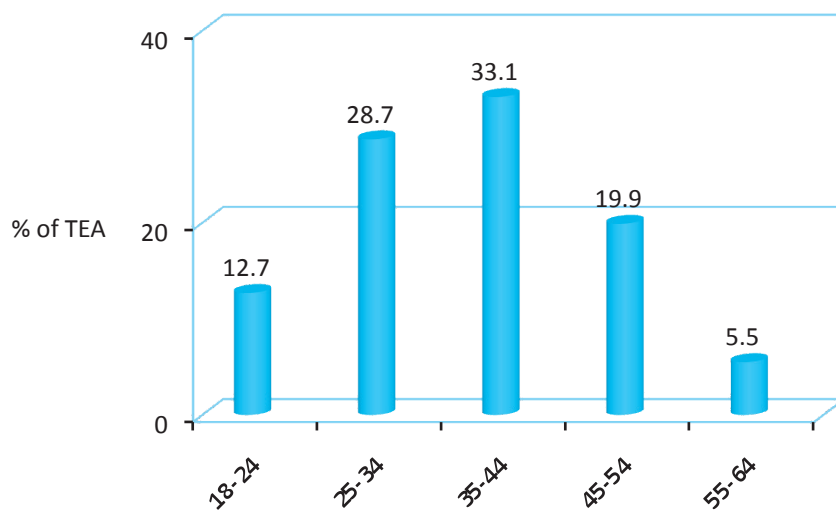




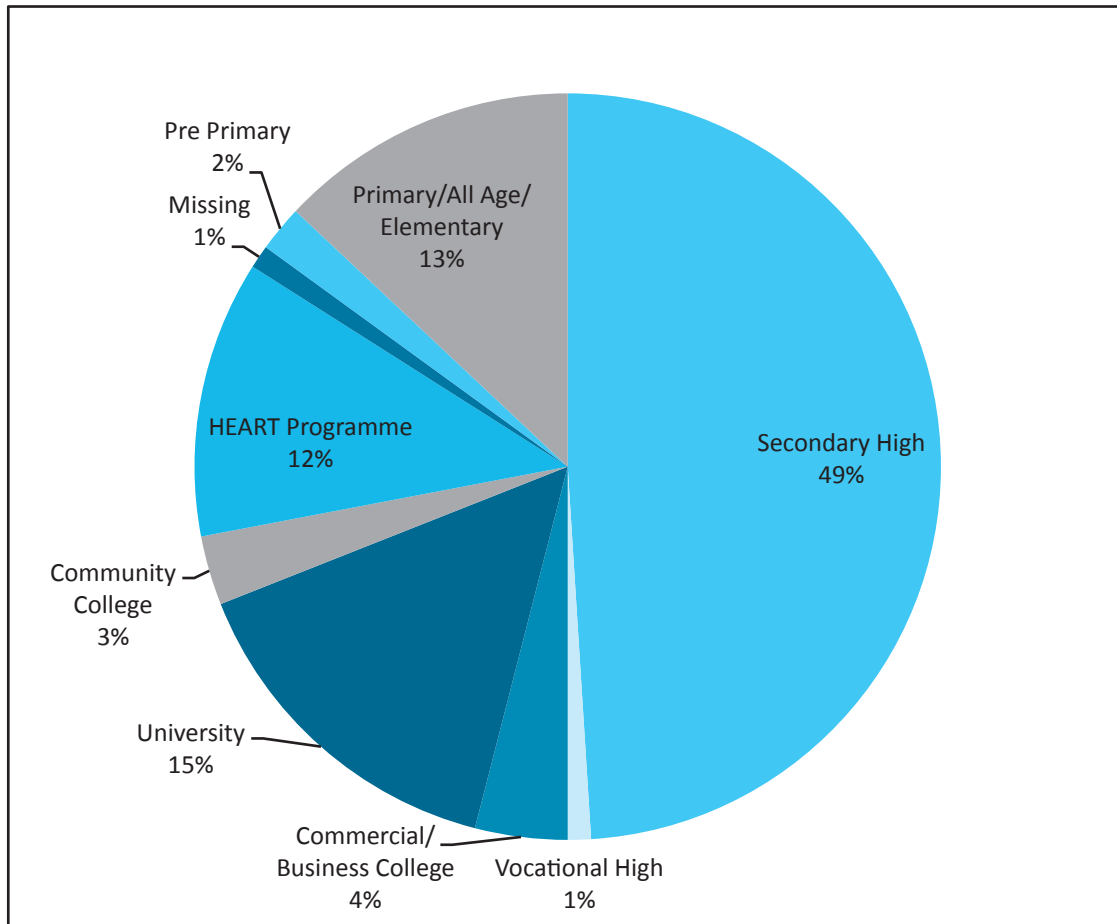
**Figure 12: TEA by gender**



**Figure 13: TEA by age-group**



**Figure 14: TEA by educational level**



### ***Sectoral distribution***

Figure 15 shows that the Retail Trade, Hotels & Restaurants category (59.2%) is the most prevalent type of TEA activity. Hotel and restaurants are major constituents of the tourism industry. This industry continues to show growth with an increase of 2.2 percent to 2,212,042 tourist arrivals in 2015 when compared to the previous year of 2.1 million. (Jamaica Tourist Board, 2015). Individuals will be motivated to advance entrepreneurial activities from the opportunity presented to provide goods and services for the industry. This is not only based on the

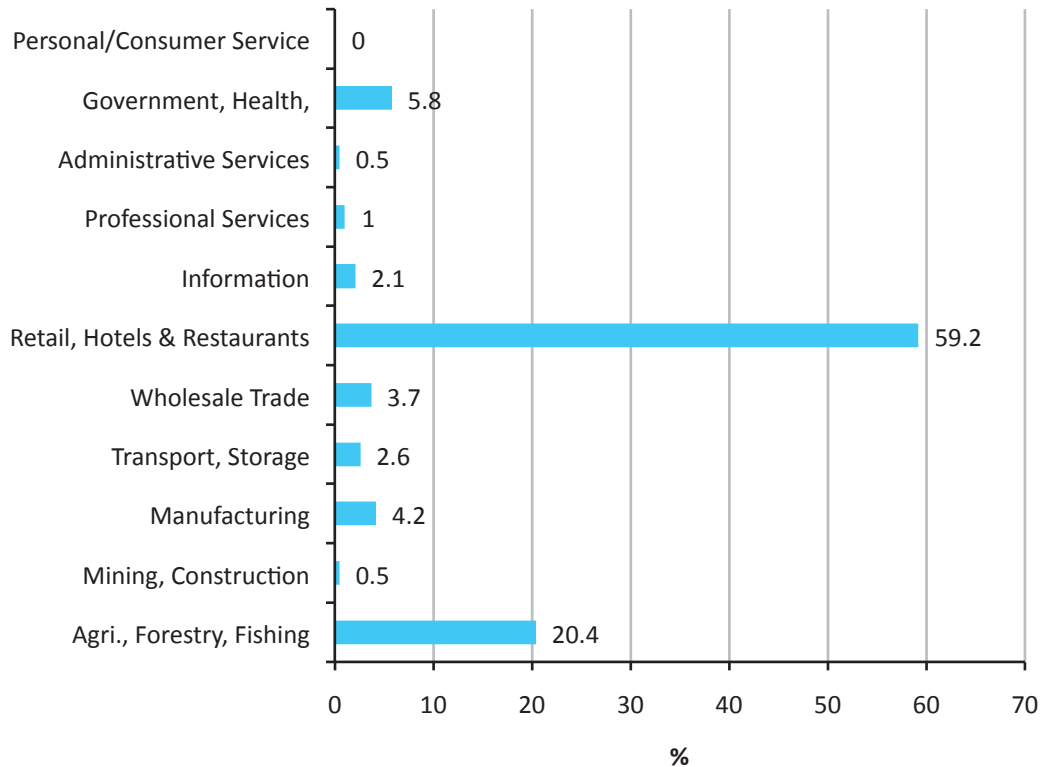
increase in demand from new and emerging markets with different preferences but as noted in the Tourism Sector Study (2016), the new tourists are more adventurous and this creates the demand for more products to satisfy their needs.

Agriculture, Forestry and Fishing is the second prevalent TEA sectoral category (20.4%). This could be due to the opportunity created by Government in identifying several strategic areas of growth in the industry to reduce national food imports and satisfy the export

demand. Included in the growth areas are crops such as onions, potatoes, yams, hot peppers, ginger, turmeric, pineapple, as well as bee-farming to produce honey; animal rearing (sheep and goat meat) and aquaculture. There are also opportunities

for contract farming joint ventures to grow crops all year round and expansion of fruit tree production for agro-processing and fresh fruit market (Jamaica Promotions Corporation / JAMPRO, 2017).

**Figure 15: TEA sectoral distribution**

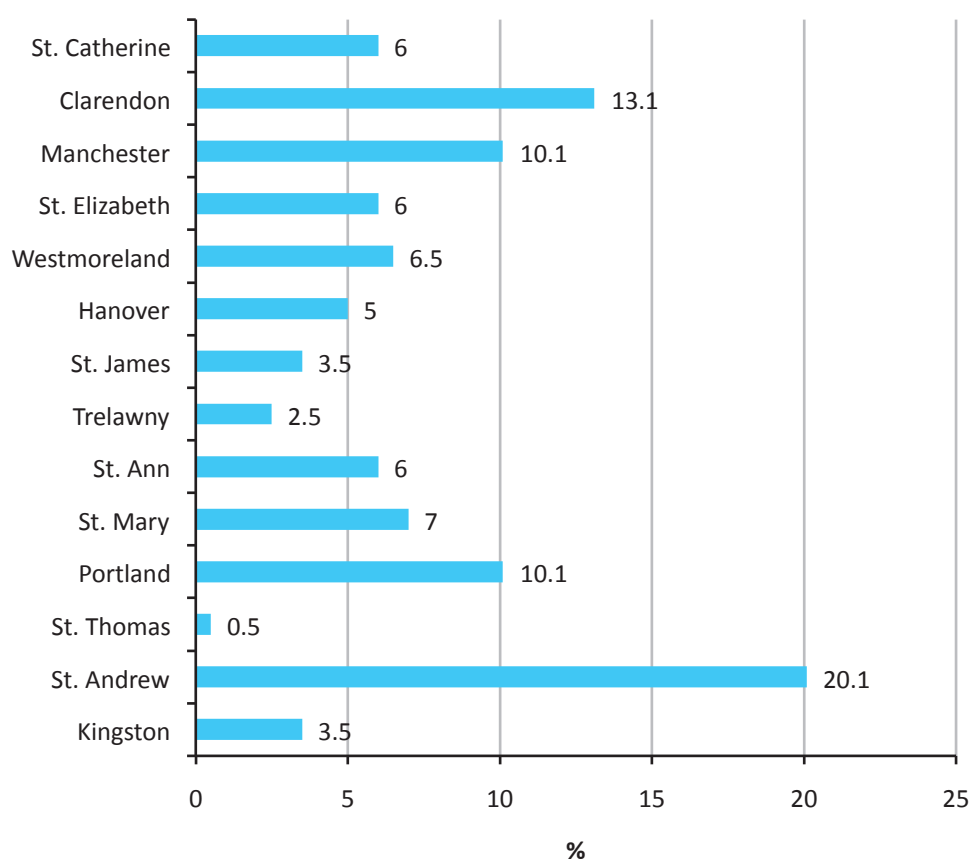


### ***TEA among parishes***

Among all parishes, St. Andrew accounted for the highest proportion (20.1%) of individuals involved in TEA. This was

followed by Clarendon (13.1%) and Portland (10.1%). Figure 16 illustrates the incidence of TEA 2013 among parishes.

**Figure 16: TEA among parishes**

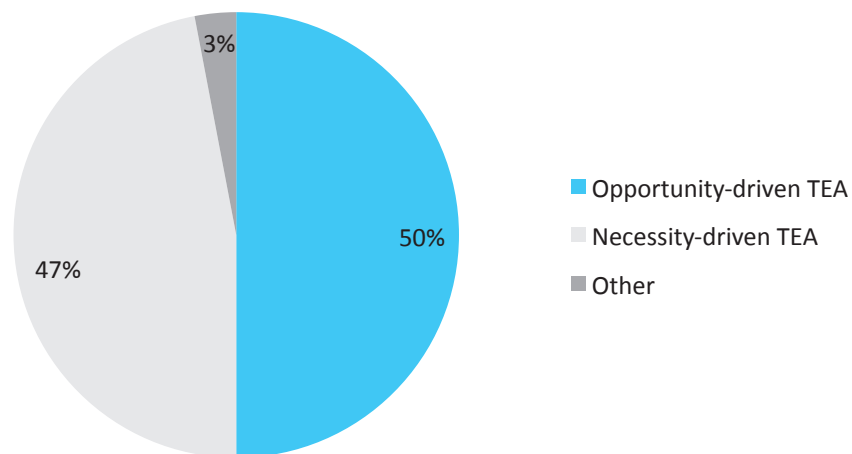


There are similarities in the proportion of TEAs that are opportunity- (49.5%) and necessity-driven (47.3%) as shown in Figure 17. This is a change from the 2013 Jamaica findings which shows that more persons were driven by necessity rather than opportunity for entrepreneurial activities. Having more persons in TEA who are driven by opportunity instead of necessity is in keeping with the ranking of entrepreneurial motivation which shows that for

Jamaica, opportunity-driven motive is 46.7% and necessity-driven motive is 44.7% (GERA, 2016/17).

It is important to note that the ratio of opportunity-driven to necessity-driven motives is proportionately different when compared to the 2009 GEM Jamaica findings which show that 66 percent of persons were driven by opportunity as opposed to 34 percent by necessity.

**Figure 17: Opportunity-driven and necessity-driven TEA**



In terms of nascent entrepreneurs, persons are mainly driven by purely opportunity (51.4%), partly opportunity (4.2%) and by necessity (44.4%). This is indicating that there are existing opportunities for them to explore new careers. They could also be influenced by factors such as economic growth, culture and education as pointed out in the 2016/17 Global Report. On the other hand, persons who are actively involved in business start-ups either as owners or managers are mainly motivated by necessity (51.8%). Others in this category are motivated because of existing opportunities: purely (40%) and partly (8.2%). This distinctively shows that these individuals are driven by necessity to start a business possibly because of lack of employment or dissatisfaction with their current jobs.

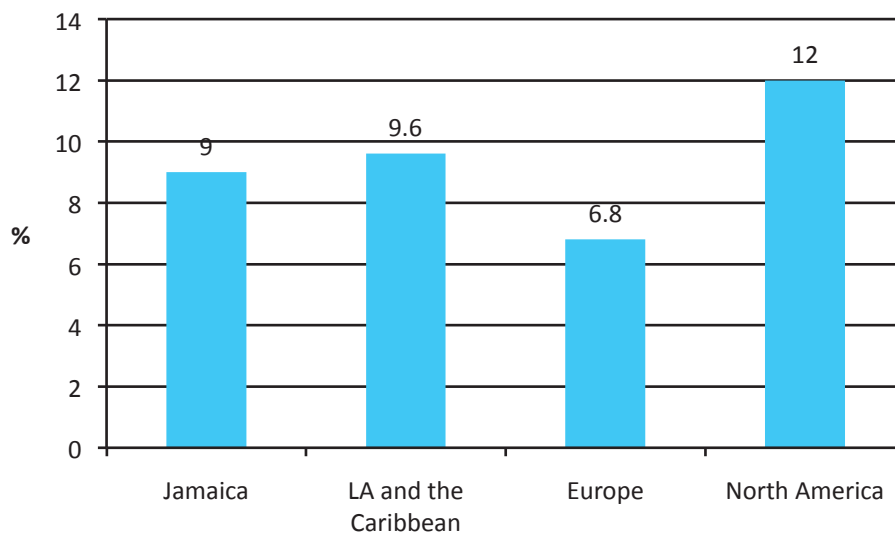
Overall, Jamaica is ranked 0.8 on the TEA Motivational Index (GERA, 2016/17) which is the relative prevalence of improvement-driven opportunity TEA versus necessity-driven TEA. Improvement-driven opportunity TEA defines those individuals who have sought to improve their situation either through independence or increased income. The Motivational Index shows that improvement-driven opportunity in efficiency-driven economies is higher than in necessity-driven economies. However, the index for Jamaica is the lowest (0.8) when compared to the other thirteen countries in the Latin America and Caribbean Region with an average of 2.5 and indices ranging from 1.0 (Brazil) to 6.2 (Belize).

## ***Business discontinuation***

GEM's business discontinuation rate measures the proportion of the working age population (18 - 64 years) that ceased business operations over the past 12 months by selling the business, shutting down operations or otherwise severing an owner/management entrepreneurship relationship with the business.

Jamaica's discontinuation rate at 9.0%, compares favourably not only with the rest of Latin America and the Caribbean (9.6%) but also with North America (12.0%). The only region that supersedes the country in this regard is Europe (Figure 18).

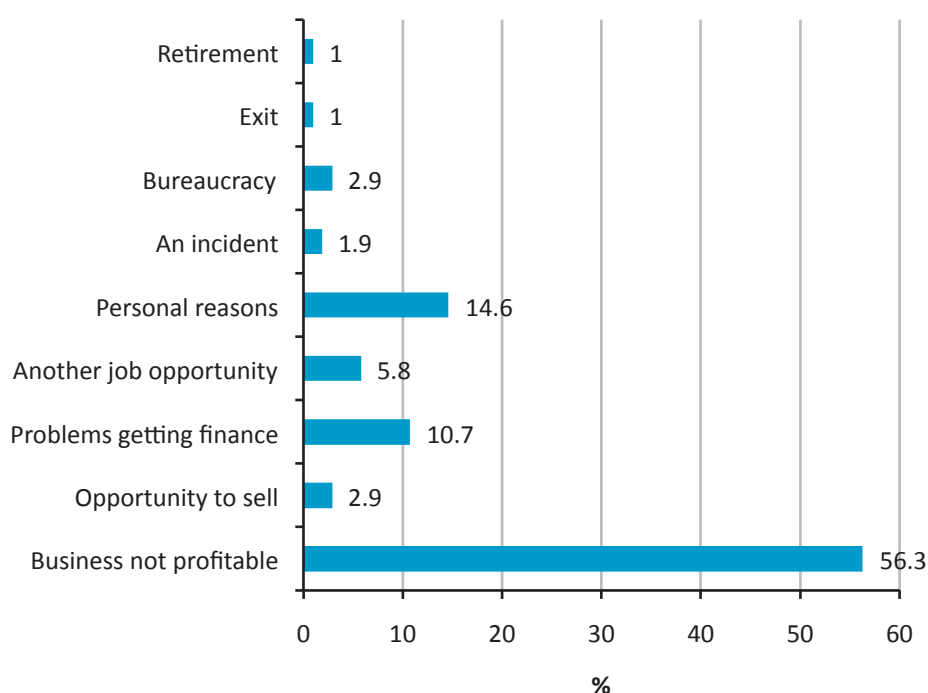
**Figure 18: Business discontinuation rates**



There were some key reasons for the discontinuation of businesses in Jamaica. At the top of the list was "Business not profitable" 56.3%, followed by "Personal Reasons" at 14.6%. "Problems getting finance" still continues to be a challenge

for entrepreneurs, coming in as the third most important reason for discontinuation. Figure 19 shows all the other reasons which contribute to the discontinuation of businesses.

**Figure 19: Reasons for business discontinuation in Jamaica**



### ***Entrepreneurial employment activity***

GEM (2016) defines entrepreneurial employee activity (EEA) as the development of new activities for an individual's main employer. This includes activities such as the development or launching of a new good or service or setting up a new business unit (GEM, 2016).

The majority (95%) of the Jamaican employment population have not been involved in the development of any new activity over the past three years. However, as much as 75% of Jamaicans acknowledged that they were currently involved in new activity development.

Leadership in intrapreneurial activity was also examined. This phenomenon was not very popular as only 0.7% of the adult

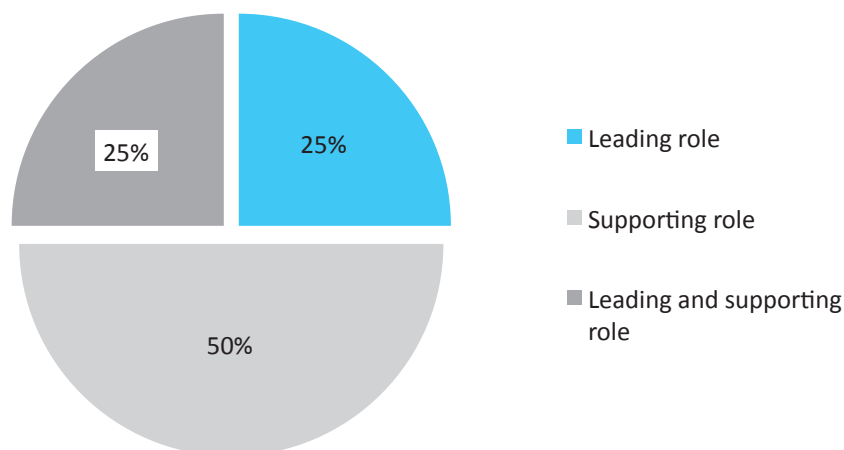
population and 2.2% of the employment population played an active role in leading as intrapreneurs over the past three years. The results were even lower for current leadership in intrapreneurship activities with as much as 99.4% of the adult population and 98% of the employment population not being involved.

On the question of being actively involved in idea development for a new activity in the past three years, almost all Jamaicans (96%) again responded in the negative. Leadership roles in ideation was somewhat more positive with 25% having a leading role, 50% playing only a supporting role, while 25% had both a leading and supporting role in this phase of activity development (Figure 20). Involvement in the implementation of new activities by employees was very

positive with 89% of employees participating in this phase. However, leadership in the implementation phase of

new entrepreneurial activities by employees was limited to 9% of Jamaicans.

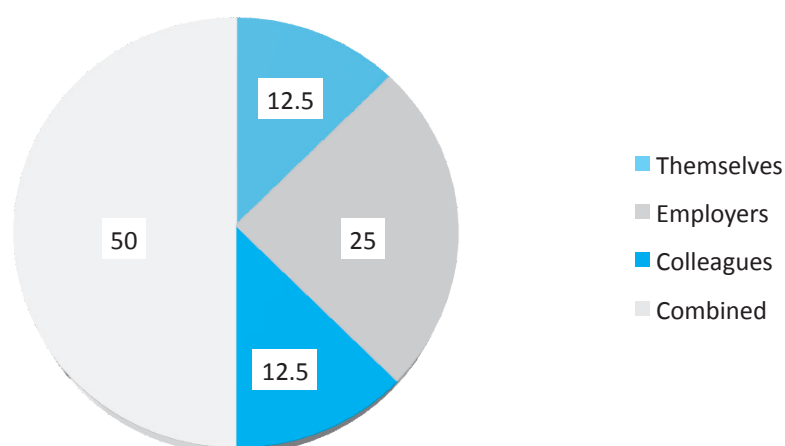
**Figure 20: Leadership in entrepreneurial activity**



With regard to the persons who initiated this significant new activity, 12.5% of respondents had initiated the intrapreneurial activity by themselves, 25% reported that their employers were responsible for the initiation, 12.5% revealed that their colleagues were

responsible, and 50% reported that a combination of the above groups of persons was responsible (Figure 21). From all indications, on most occasions, only two out of ten persons had a leading role in developing the new activity and to a lesser extent, 4 or 10 persons.

**Figure 21: Employees who initiated new entrepreneurial activity**





These findings are indicative of the GEM (2016) assertion that EEA is negligible in both the factor- and efficiency-driven economies, but thrives considerably in the innovation-driven economies. This is premised on the assumption that organizational environments in the innovative economies recognize the value of encouraging and facilitating

entrepreneurial behavior and mindsets within organizational structures (GEM 2016). GEM (2016) asserts that employees may find it less risky to undertake EEA under their employers' safety belt. The top-down approach to innovation in Jamaican organizations whereby employers play the leading role, seems to be more widely used.

### ***Innovation***

Only 8% of Jamaicans in established businesses were of the view that customers considered products to be new or unfamiliar. An overwhelming majority (92%) agreed that none or only some customers believed that products were new or unfamiliar (Table ). Similarly, for TEAs as much as 94% believed that none or all customers considered products to be new or unfamiliar, while only 6% considered the products to be unfamiliar. This, therefore, corroborates the fact that many entrepreneurs offer the same 'old' products, depicting low levels of innovation.

The link between EEA and innovation is well-recognized. GEM assesses innovation

in entrepreneurial activities by looking at the extent to which entrepreneurs are introducing products that are new to some or all customers, and that are offered by none or few competitors (GEM 2016). Innovation, however, is not limited to the introduction of new products, but extends to the commercialization of these products, seeking out new markets both locally and internationally, and promoting the new products in these markets. Levels of innovation are matched to products that are considered new or unfamiliar to all or some customers. Innovation is also perceived through the lens of businesses which do not offer the same products, under the assumption that innovation of entrepreneurial activities may be represented by products that are new or unfamiliar to most consumers.

**Table 7: Potential customers who consider product new/unfamiliar**

	TEA		ESTABLISHED	
	Frequency	%	Frequency	%
All	18	5.6	12	7.9
Some	60	18.8	10	6.6
None	241	75.5	130	85.5
<b>Total</b>	<b>319</b>	<b>100</b>	<b>152</b>	<b>100</b>

For businesses offering the same products, the results for TEA and established businesses were very similar. For TEA businesses, the view was that

most of them (60%) offer the same products. The percentage of entrepreneurs offering the same products was higher for established businesses

than for TEA businesses, 72% compared to 60% for TEAs (Table 8). The assumption is that as new businesses become

established businesses, their level of innovation decreases.

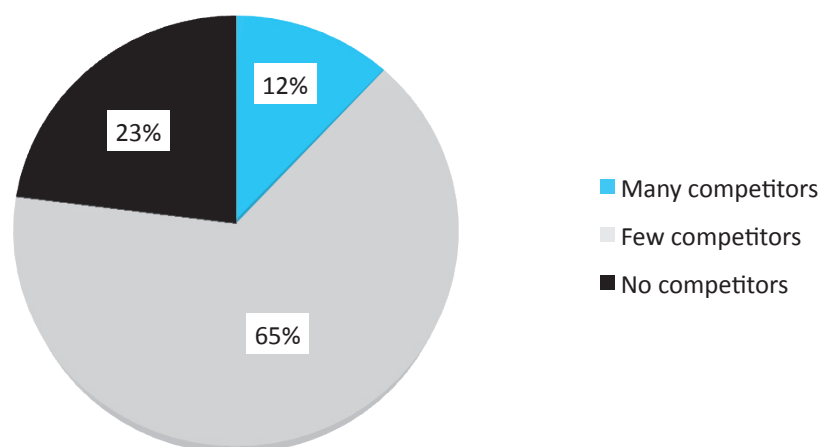
**Table 8: Number of businesses offering the same product**

	TEA		ESTABLISHED	
	Frequency	%	Frequency	%
Many	119	59.8	119	72.1
Few	56	28.1	27	16.4
None	24	12.1	19	11.5
<b>Total</b>	<b>199</b>	<b>100</b>	<b>165</b>	<b>100</b>

Innovation levels are also judged by the number of competitors in a market. If there are only a few business competitors in an industry the innovation intensity is increased. Twelve percent of respondents believed that there were many business competitors, 65% were of the view that

there were few business competitors, while 23% believed that there were no competitors (Figure 22). Again, the need for higher levels of innovation to be absorbed in Jamaican businesses to enhance their competitiveness has been highlighted.

**Figure 22: Innovation and number of business competitors**



### **Export intensity**

According to the GEM 2016/17 Global Report, crowded competitive spaces may stimulate entrepreneurs to come up with novel options to compete successfully. Therefore, if many companies are offering the same products then firms may seek market expansion by venturing overseas. This ability represents what GEM refers to as export intensity. For Jamaica, the export intensity for both TEA and EB percentage by category differs. A small percentage of EBs (11.6%) and TEA's (10.4%) had an export intensity of 75% or more (Table 9). This means that no more

than 11.6% and 10.4% of their respective revenues is coming from overseas business. A higher percentage (16.1%) of EBs and 21.3% of TEAs had an export intensity lower than 25%. The majority of EBs (65.2%) and the majority of TEA's (57.3%) had no export intensity (Table ). This indicates that both new and established businesses are not maximizing export opportunities. Their international orientation is weak with less than 25% of revenues coming from outside the country. Seventy-nine percent of businesses in this category corroborated this finding.

**Table 9: TEA and export intensity of established businesses**

	TEA		Established	
	Frequency	%	Frequency	%
<b>75% - 100%</b>	17	10.4	18	11.6
<b>25% - 75%</b>	18	11	11	7.1
<b>Under 25%</b>	35	21.3	25	16.1
<b>None</b>	94	57.3	101	65.2
<b>Total</b>	<b>164</b>	<b>100</b>	<b>155</b>	<b>100</b>

This failure to capitalize on international market opportunities impacts firms' potential profitability. With regard to the contribution to sales revenue from exporting, 33% of Jamaicans believe that

exporting would contribute 51% to 75% towards sales revenue, while nearly 42% foresee no contribution to sales revenue (Table 10).

**Table 10: Contribution to sales revenue from exporting**

<b>% of Jamaicans</b>	<b>% contribution to sales revenues</b>
<b>33.3</b>	51 to 75
<b>8.3</b>	26 to 50
<b>8.3</b>	11 to 25
<b>8.3</b>	10 or less
<b>41.7</b>	0

### **Technology**

The use of technology in fostering innovation and in doing business is extremely important to the sustainability and competitiveness of firms. For technology to be used to maximize operational effectiveness and profitability, it should generally be modern and up-to-date. The level of new technology utilization for both TEAs and EBs in Jamaica is very low. Only 14.6% of TEA businesses had the very latest technology (newer than one year). A little over 16% had new technologies (between one and 5

years old), while 68.8% had no new technology (more than 5 years old). For the EBs the results were even worse with a miniscule 2.4% having the very latest technology, 9% having new technology and 88.5% having no new technology.

In commenting on the level of technology in the sector, almost all of TEAs (97%) agreed that the level of technology was extremely low with only 2% believing that it was high. For EBs the situation was even worse with 99.4% reporting low, or no technologies (Table 11).

**Table 11: TEA and established businesses by levels of technology**

	<b>TEA Frequency</b>	<b>%</b>	<b>Established Frequency</b>	<b>%</b>
No/Low Technology	193	97	164	99.4
Medium or High	2	1	1	0.6
High-tech	4	2	0	0
Total	199	100	165	100

### **Market expansion involving technology**

The use of technology in facilitating market expansion was also examined. Sixty-two per cent of TEA's did not foresee any market expansion. Others (23.6%)

saw some market expansion with no new technologies, while 13.6% expected some market expansion with new technologies. Only 1% of respondents envisioned profound market expansion (Table 12). The trend for market expansion for EBs was similar to that of TEA businesses with

78.2% predicting market expansion, 19.4% some market expansion with no new technology, while 1.8% saw market expansion involving new technology. This

indicates that there is adequate scope for market expansion and with the utilization of new technologies market expansion may be enhanced.

**Table 12: Market expansion for TEA and established businesses**

	TEA		Established Businesses	
	Frequency	%	Frequency	%
No Market Expansion	123	61.8	129	78.2
Some Market Expansion (no New Technologies)	47	23.6	32	19.4
Some Market Expansion (New Technologies)	27	13.6	3	1.8
Profound Market Expansion	2	1	1	0.6
Total	199	100	165	100

### ***Current number of jobs***

The three phases of economic development (factor-driven, efficiency-driven and innovation-driven) are used by GEM in the analysis of the job creation potential of entrepreneurial activity. Based on the GEM 2016/17 Global Report, the three phases were similar in terms of entrepreneurs who do not expect to create jobs in the next five years. It was found that the efficiency-driven economies have an average of 46% non-employer entrepreneurs, while the factor- and innovation-driven economies are on par at 44%. It was also highlighted that 25% of entrepreneurs in innovation-

driven economies exhibit higher employee-growth aspirations compared to a fifth in factor- and efficiency-driven economies. This corroborates the findings for Jamaica (an efficiency-driven economy) regarding expected number of jobs generated by firms involved in entrepreneurial activity. Most of TEAs (87.5%) expected only 1 to 5 jobs over a five-year period, while the remaining 12.5% expected 6 to 19 jobs. For EBs, the situation was quite similar with 82.6% expecting 1 to 5 jobs, 15.2% expecting 6 to 19 jobs, and 2.2% expecting over 20 jobs (Table 13).

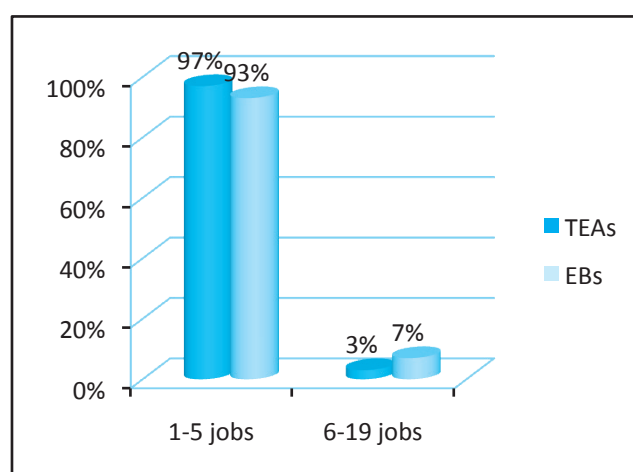
**Table 13: Expected number of jobs over 5 years**

Number of Jobs	TEA %	EB %
1-5 jobs	87.5	82.6
6-19 jobs	12.5	15.2
Over 20 jobs	0	2.2

Job prospects from the perspective of the general population were also negative. Most Jamaicans (67%) believed that for each business only 2 jobs will be created in 5 years while 33% believed that 5 jobs will be created in 5 years.

In terms of actual jobs provided, 97% of TEAs provided 1-5 jobs and 3% provided 6-19 jobs. For EBs, 93% provided 1-5 jobs and 7% provided 6-19 jobs. This indicates that EBs are providing slightly more jobs than TEAs for the employable population (Figure 23).

**Figure 23: Job projections over the next 5 years**



The outlook for job creation in Jamaica does not appear positive. Although as much as 88% of entrepreneurs believe that they will be able to generate new

jobs within the next 5 years, the number of jobs projected is miniscule relative to the employment need within the country.

## ENTREPRENEURSHIP ECOSYSTEM

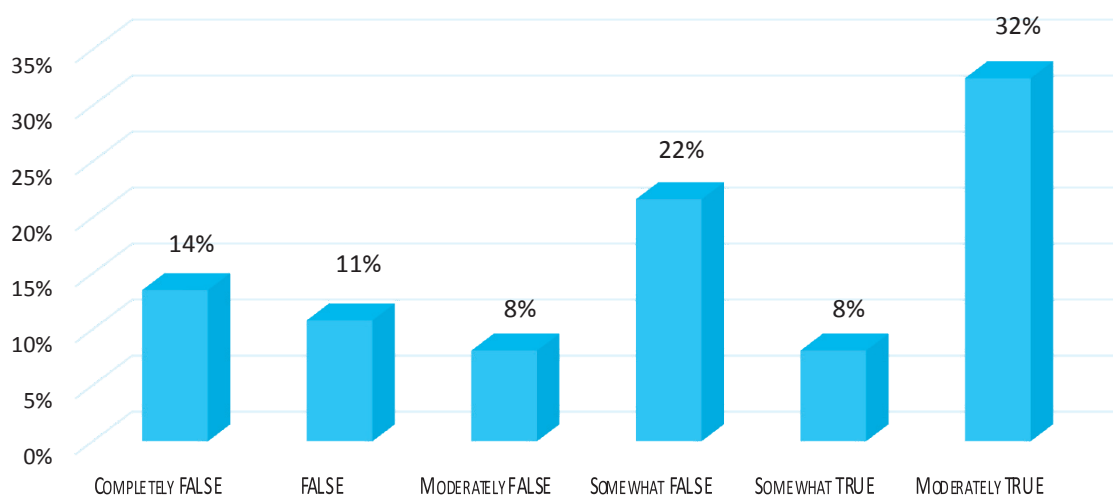


### *Financial support*

Financial support refers to the various forms of financing available to entrepreneurs such as equity, debt, government subsidies, initial public offerings, informal investors, professional angel investors, venture capitalists, and

private lenders. In response to the question regarding the sufficiency of equity financing, the majority of experts (55%) indicated that there is not sufficient equity financing as illustrated in Figure 24.

**Figure 24: Sufficiency of equity funding for new and growing firms**



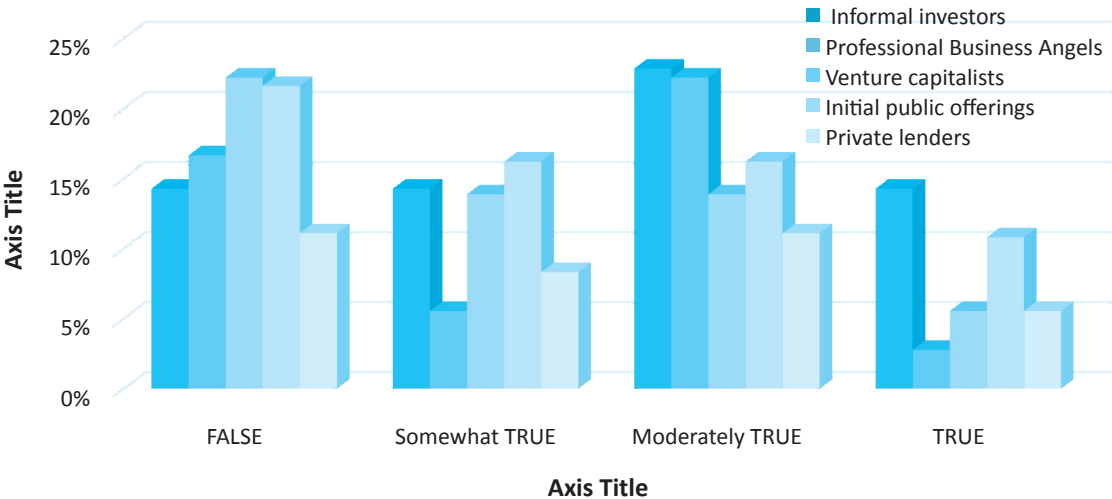
The adequacy of debt financing was viewed in the affirmative by 59.4% of the 36 experts consulted, and availability of sufficient government subsidies for new and growing firms was declared false by 56.7% of experts. In response to the use of funding from informal sources such as family, friends and colleagues, many experts (57%) indicated that this was widely used, while 63% viewed as false the availability of adequate funding from venture capitalists (Figure 25).

Adequacy of financing through initial public offerings was viewed as positive by 52% of experts. Funding through other sources such as Business Angels and crowdfunding were not viewed as significant by 60% of experts. According to the experts, access to capital is a major barrier to entrepreneurship in Jamaica. The most accessible sources of funding

are through the traditional channels such as equity, debt and informal investors. However, financing from these sources is difficult for new and growing firms because of the perceived riskiness of lending to these firms. Also, the requirements and charges tend to be prohibitive and not viable options for new and growing firms.

Many entrepreneurs seek funding from close relatives. The research confirmed what has been the suspicion for a long time: entrepreneurial financing is a huge challenge for small entrepreneurs. Consequently, new and growing firms will not be able to take much risk with this form of capital. Furthermore, these constraints could result in lost opportunities for potentially innovative projects due to lack of capital.

Figure 25: Sources of financing for new and growing firms



These results indicate that there needs to be a more sophisticated financial system that will provide a greater variety of financing options for new and growing firms. Therefore, the government needs to provide the regulatory environment that will encourage investors and financial institutions to provide these options.



## ***Government policies and programmes***

There are many aspects of government policy that set the tone for the business environment in a country. Several policy guidelines including procurement, permits, taxes, licensing and other regulations directly impact the cost, efficiency, and efficacy of doing business.

Seventy-three percent (73%) of experts indicated that government policies do not consistently favour new firms, while 49% disclosed that government support for new and growing firms was not viewed as a high priority. Most experts (63%) disclosed that support for new and growing firms was not a priority for local government. There was an unfavourable response to the statement that new firms can get most of the required permits and licenses in about a week, with 81% of experts stating that it is false, while 84% found coping with government bureaucracy, regulations and licensing requirements were unduly difficult for new and growing firms.

Taxes were regarded as burdensome by 89% of experts who disagreed with the statement that the amount of taxes is not

a burden to new and growing firms. Forty-nine percent (49%) believed that taxes and other government regulations are applied in a predictable and consistent way.

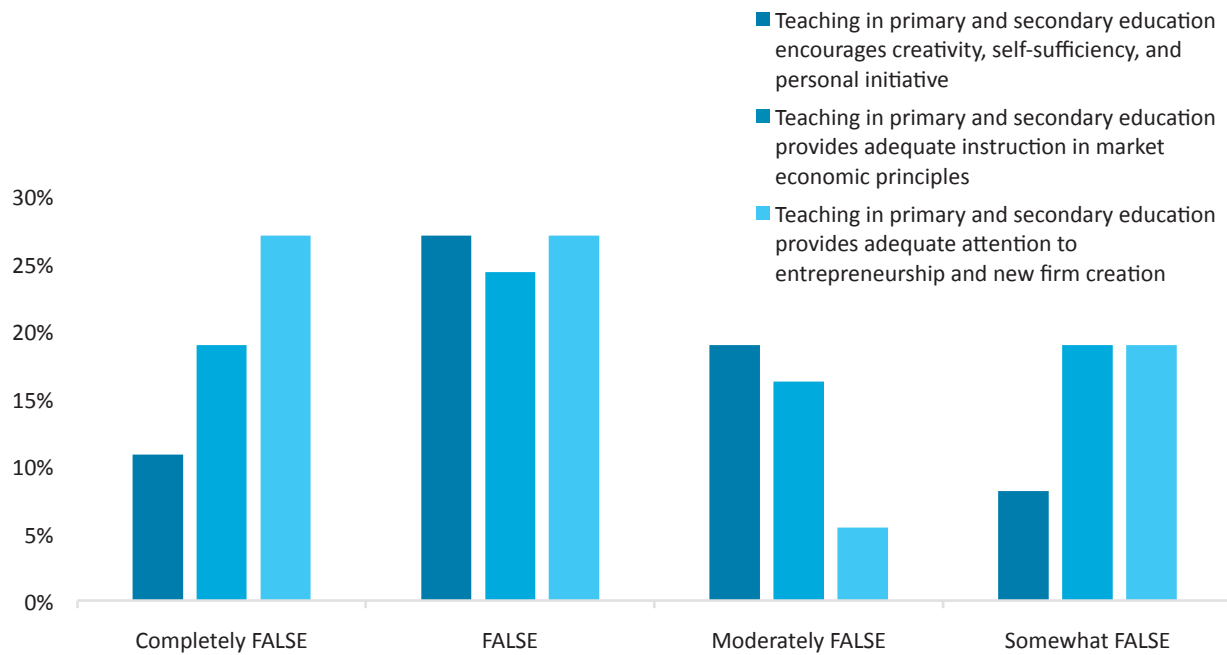
Government programmes aimed at developing the infrastructure for improving the efficiency of conducting business received overwhelming negative responses by the experts. Most of the experts (78%), indicated as false the statement that “a wide range of government services can be obtained through contact with one agency.” The presence of science and business incubators and an adequate number of government programmes for new and growing firms were also seen as false for 57% of experts, while 51% indicated as false the statement that the people working for government agencies are competent and effective in supporting new and growing businesses.

## ***Education and training***

Experts were interviewed regarding the adequacy of education in the areas of creativity, self-sufficiency, personal initiative, instruction in market principles, and attention to entrepreneurship at the primary, secondary, and tertiary levels. The majority (65%) of experts did not believe that teaching at the primary and secondary levels encourages or provides

instruction that encourages creativity, self-sufficiency and personal initiative; while 78% did not believe there is adequate instruction in market principles or entrepreneurship for new firm creation (Figure 26). In Jamaican schools, entrepreneurship is now being taught at the primary and secondary levels and there are other activities that are focused on allowing students to be creative and innovative.

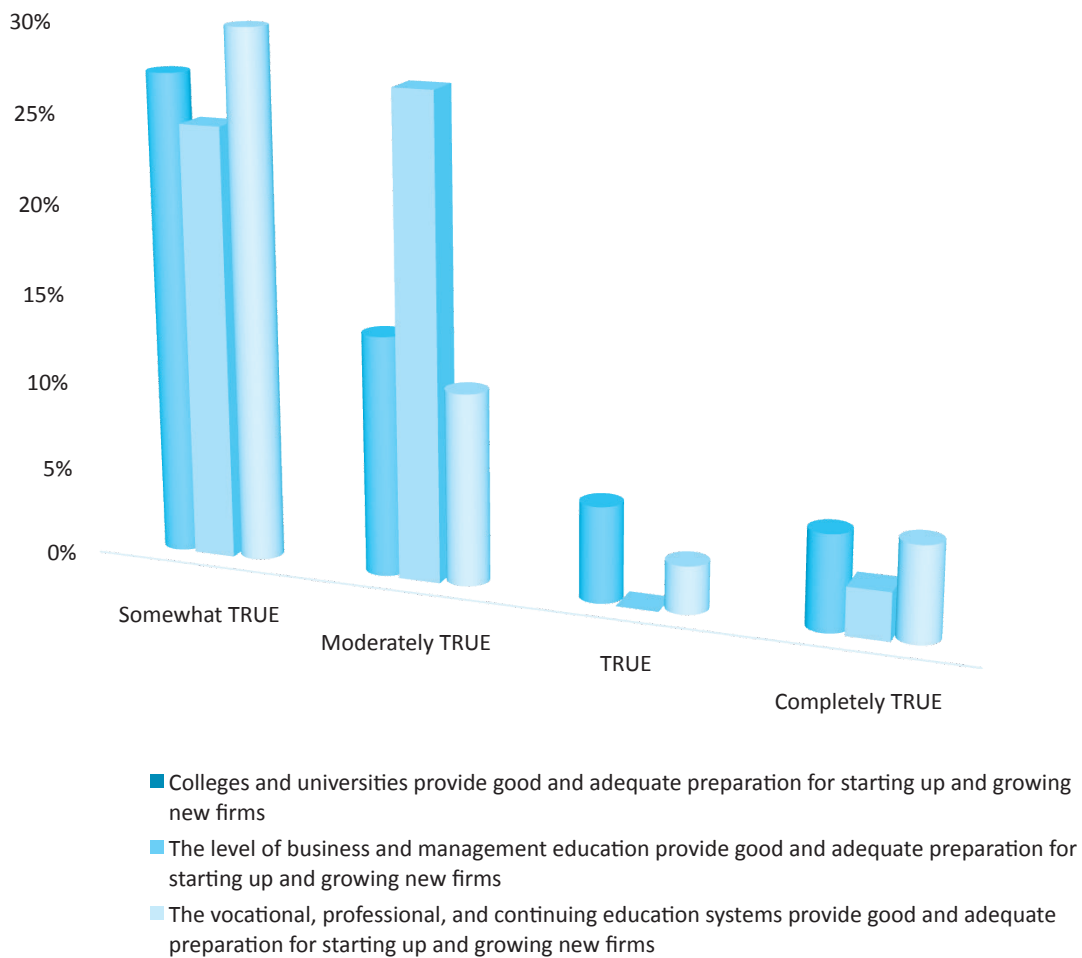
**Figure 26: Impact of teaching in primary and secondary schools**



As demonstrated in Figure 27, most experts (51.3%) indicate that colleges and universities provide good and adequate preparation for starting up and growing new firms; 54% believe the level of business and management education provides good and adequate preparation

for starting up and growing new firms, and 48.6% disclosed that the vocational, professional, and continuing education systems provide good and adequate preparation for starting up and growing new firms.

**Figure 27: Impact of education and training at higher levels**



Although educational institutions have been preparing students for entrepreneurship, there are challenges such as financing and bureaucracy that discourage the establishment of new firms or the investment in firms that have growth potential. This requires a response

from government to develop efficient mechanisms to cater to the needs of entrepreneurs. The difficulties with getting the required documentation to register a business and remain compliant with regulations have been deterrents to entrepreneurship.

### ***Research and development transfer***

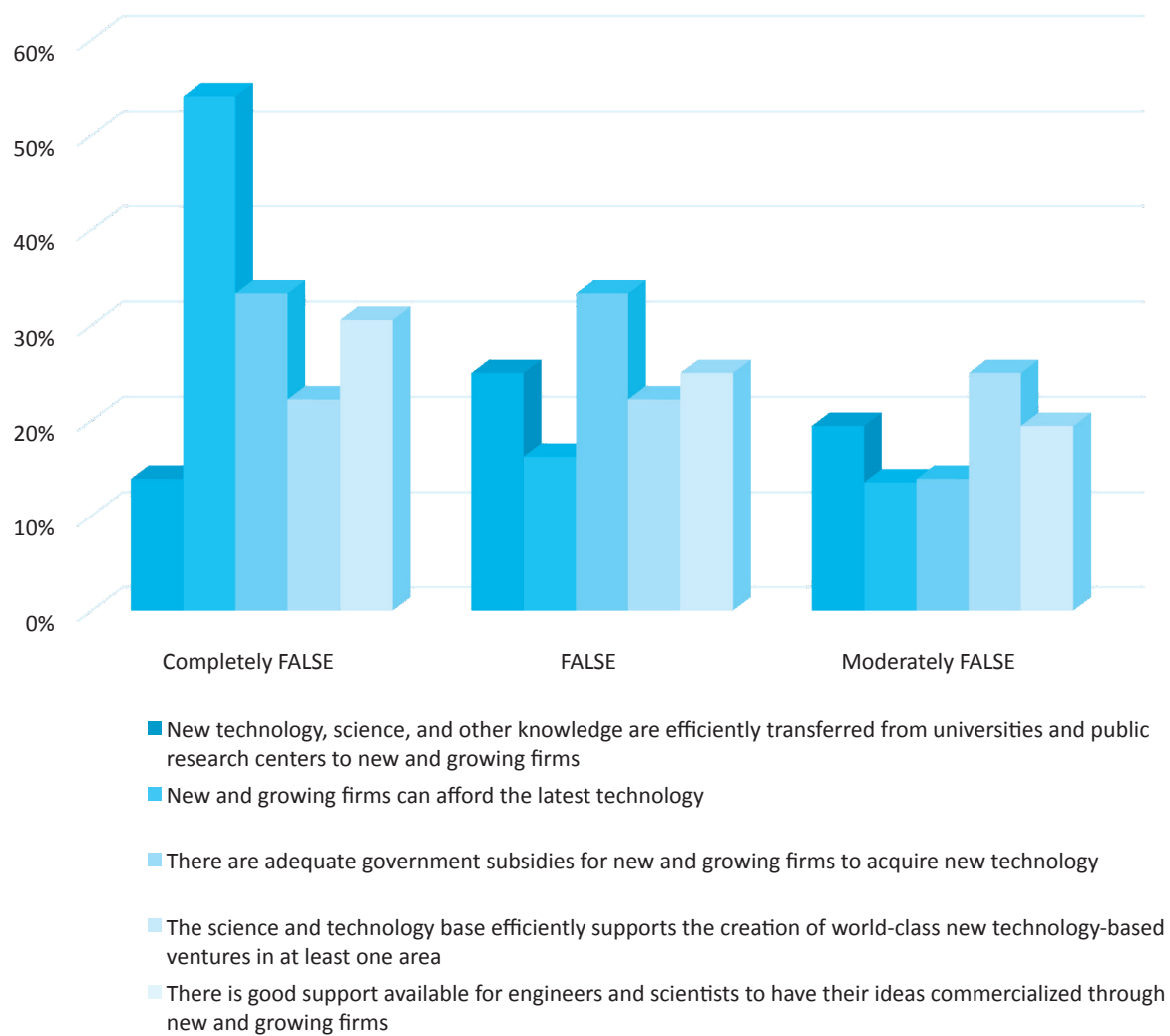
Research and development transfer seeks to address how efficiently new science, technology, and other knowledge, are transferred from universities and public

research centres to new and growing firms. As depicted in Figure 28, there is a profound negative response by experts to statements regarding the availability of research and technology transfer to new and growing businesses. Eighty percent (80%) of experts disclose that new technology, science, and other knowledge

are not effectively transferred from universities and public research centres to new and growing businesses. Eighty-four percent (84%) of experts did not think new and growing firms can afford the latest technology; and 89% indicated that there are not enough government subsidies for new and growing firms to acquire new technology. Seventy-eight percent (78%) of experts disclosed that

the science and technology base does not support the creation of world-class new technology-based ventures while 92% do not think that there is good support available for engineers and scientists to have their ideas commercialized through new and growing firms.

Figure 28: Research and development



### ***Commercial and service infrastructure***

Commercial and service infrastructure considers the availability of consultants, subcontractors and suppliers to new and growing firms. Figure 9 shows that 36% of experts indicated that there are enough subcontractors, suppliers, and consultants to support new and growing firms. However, a clear majority of 84% do not believe new and growing firms can afford the cost of using subcontractors, suppliers, and consultants. Forty-six percent of experts indicated that it is easy for new and growing firms to get good subcontractors, suppliers, and consultants: 56% indicated that it is easy for new and growing firms to get good, professional legal and accounting services; and 57% responded that it is easy for new and growing firms to get good banking services (checking accounts, foreign exchange transactions, letters of credit, etc.).

### ***Market openness***

Market openness refers to market structure and the ease of doing business in the market. Fifty percent of the experts believed that the markets for consumer goods and services do not change dramatically from year to year; 61% disclosed that markets for business-to-business goods and services do not change dramatically from year to year; 49% do not agree that new and growing firms can easily enter new markets; and 69% indicated that new and growing firms cannot afford the cost of market entry. On the issue of market entry, 66% revealed that new and growing firms are not able to enter markets without being unfairly blocked by established firms while 63% do not think the anti-trust legislation is effective and well-enforced.

### ***Physical Infrastructure***

Fifty-eight percent (58%) of the experts interviewed revealed that the existing physical infrastructure (roads, utilities, communications, water disposal) provides good support for new and growing firms, while the vast majority (76%) indicated that it is too expensive for a new or growing firm to get good access to communications (phone, internet, etc.). A substantial majority (76%) also declared that a new or growing firm can get good access to communications (telephone, internet, etc.) in about a week. An overwhelming majority (81%) agreed that new and growing firms can afford the cost of basic utilities (gas, water, electricity, sewer), while 59% stated that new or growing firms can get good access to these utilities in about a month.

### ***Cultural and social norms***

Cultural and social norms examine how the national culture impacts new and growing firms. The evidence shows that the national culture is highly supportive of individual success achieved through own personal efforts. Seventy-eight percent of experts supported this view, and 59% indicated that the national culture emphasizes self-sufficiency, autonomy, and personal initiative. Fifty-four percent of experts agreed that the national culture encourages entrepreneurial risk-taking while 81% disclosed that the national culture encourages creativity and innovativeness. Again, 62% of the experts indicated that the national culture is viewed as one that emphasizes the responsibility that the individual (rather than the collective) has in managing his or her own life (Figure 29).

**Figure 29: Cultural and social norms**

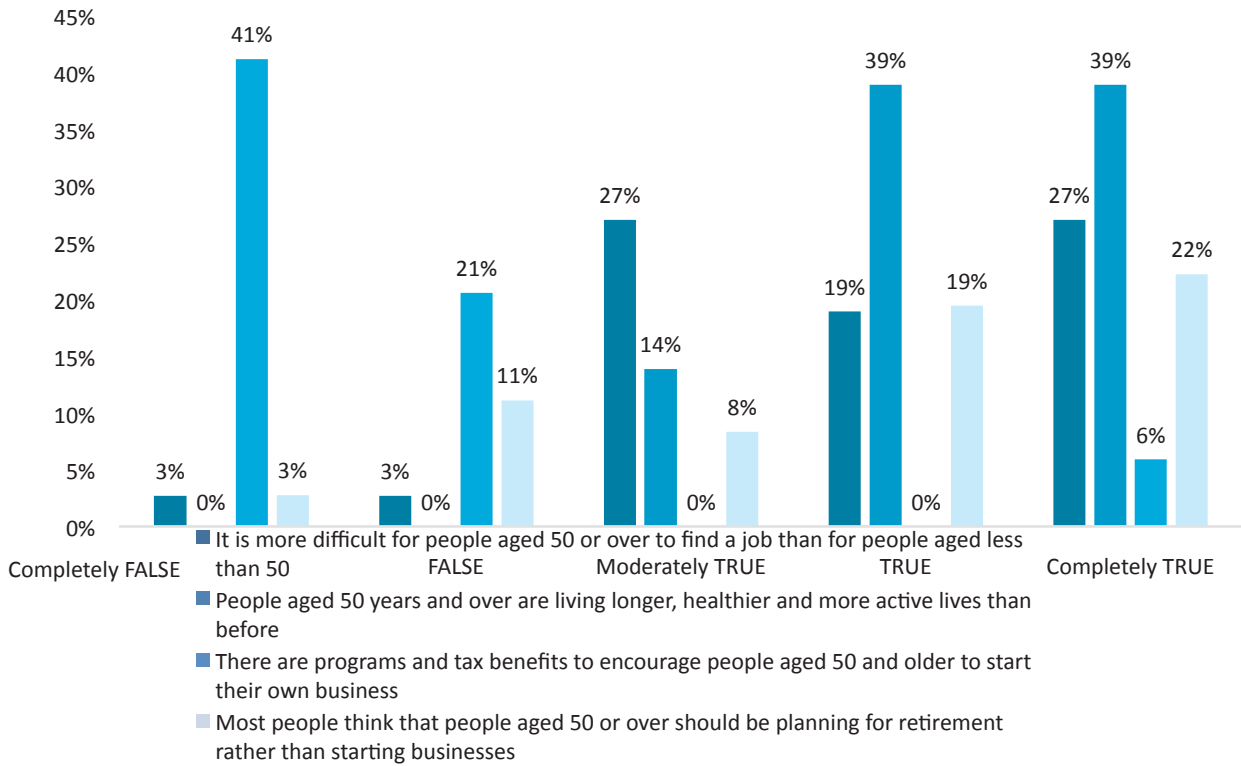


### ***Senior entrepreneurship***

Senior entrepreneurship is focused on the ability of adults over fifty to participate in entrepreneurial activities. Most experts (78%) agree that it is more difficult for people aged 50 or over to find a job compared to people aged less than 50 although nearly all the experts (96%) agree that people aged 50 years and over are living longer, healthier and more active lives than before (Figure 30). Sixty-one percent (61%) of experts also disclosed that there are no programmes and tax benefits to encourage people

aged 50 and older to start their own businesses. However, 70% believe that the experience and accumulated knowledge of people aged 50 or over generally increases their chances of successfully starting a business. Only 54% of experts agree that entrepreneurs aged 50 or over are more interested in supplementing their income than growing their business, while 60% concluded that most people think that people aged 50 or over should be planning for retirement rather than starting businesses.

**Figure 30: Senior entrepreneurship**



## RECOMMENDATIONS

1. New types of products and services will attract new customers both locally and internationally, but Jamaica has made very little progress over the past five years in its capacity to innovate. Research and development capabilities and activities within the country need to be strengthened.
2. The will, courage and confidence of most Jamaicans to undertake entrepreneurial activities above the micro-enterprise level are lacking. Factors that motivate entrepreneurial activity such as training, accessibility to financing, guidance and mentorship need to be maintained.
3. A government reduction on import duties on technologies that are to be used in the productive sector would be a major step in encouraging the incorporation of the use of more technology in business.
4. Enable entrepreneurial ecosystems to include government policy-making to regulate entrepreneurial activities and encourage private sector investments, partnerships and stimulation of the economy.
5. Promote an entrepreneurship culture among students currently enrolled at the secondary level so that they will have a greater appreciation of this discipline and practice. This will eventually increase their motivation and interest in entrepreneurial activities.
6. Stimulate interest among the younger generation at the community level and create opportunity because innovation may spur entrepreneurship.
7. Engage universities in developing short courses curricula to provide formal training for individuals who have had little or no training in entrepreneurship and who may require more advanced training in creating and maintaining business ventures.
8. Stimulate the economy to provide employment opportunities, thereby increasing the number of household members who generate an income to encourage individuals to amass funds for entrepreneurial ventures which may further provide additional income.
9. Government should engage financial institutions to develop and provide reasonable/lower interest loan arrangements for the younger population who generally do not have the requisite capital or collateral to qualify for loans.
10. Policy should focus on support initiatives for high-growth firms. Although policy makers are aware of the significance of high-growth firms, there are not many initiatives that support these firms.



11. The average Jamaican entrepreneur needs to develop the ability to assess risks before entering into business ventures. It is, therefore, strongly recommended that more entrepreneurs be educated in good business practices as well as in developing skills in marketing, sales, operations and accounting.
12. It is simply not sufficient to know the “skills of the trade”. In addition, government needs to enhance the entrepreneurial ecosystem by facilitating networking opportunities and workshops in the areas of finance, operations and general mentorship such as incubator programmes.
13. There needs to be a more sophisticated financial system that will provide various financing options for new and growing firms. Therefore, the government needs to provide the regulatory environment and other infrastructure that will encourage investors and financial institutions to provide these options.

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## EXECUTIVE PROFILE



Girjanauth Boodraj is the current Team Leader and Lead Researcher of GEM Jamaica, and an Associate Professor at UTech, Ja. He has a PhD in Economic Development Policy from the University of the West Indies, and has presented several papers on entrepreneurship at local and international conferences using the GEM data. His work on youth entrepreneurship in the Caribbean, using GEM data, was recently published in the *International Journal of Entrepreneurship and Small Business*.



Dr. Gaunette Sinclair-Maragh is an Associate Professor at UTech, Ja. She is a Fulbright Fellow with a PhD in Business Administration, from the Washington State University, specializing in Hospitality and Tourism Management. Her areas of research include tourism planning and development, destination marketing, hospitality management and marketing, international business management, and service management. She has published several scholastic articles in top academic journals as well as book chapters and newspaper articles. Dr. Sinclair-Maragh sits on the editorial board of several academic journals and is a member of the Scientific Committee for several international conferences.



Vanetta Skeete is a senior lecturer in the School of Business Administration, UTech, Ja. She currently lectures in Strategic Management and Research Methodology. She has been a member of the GEM Team since its inception in 2005, served as Team Leader for several years, and participated in the writing of seven GEM national reports. Her research interests are entrepreneurship development within communities and job creation through entrepreneurship.



Michael Steele holds an MBA from Ohio University (USA) and a BSc (Hons) Degree from the University of the West Indies. He is currently the Head of the Joan Duncan School of Entrepreneurship, Ethics and Leadership (JDSEEL) at UTech, Ja. The School is the first of its kind in the English-speaking Caribbean and hosts a Business Incubator as part of its *modus operandi*. He has established an impressive array of accomplishments and has stamped JDSEEL as a Centre of Excellence for entrepreneurial education and small business development. Mr. Steele also holds the position of Marketing Consultant for UTech, Ja.



Dr Andrea Sutherland, is an Associate Professor of Finance and the Associate Dean of Research and Graduate Studies in the College of Business and Management at UTech, Ja. She received her D.B.A. from Nova Southeastern University, and has extensive experience in the healthcare sector. She has been involved in education for over fifteen years. Her research interests are risk management and financial institutions. Dr Sutherland has presented academic papers at national and international conferences.



Dr. Claudette Williams-Myers is an Associate Professor with a PhD in Workforce Education and Development from the Southern Illinois University. She is an Associate Dean in the College of Business and Management at UTech, Ja., and has been actively involved in the GEM Jamaica Team since 2005. She has published several scholarly articles and has received numerous awards for her contributions to research.

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I took a **leap**  
**of faith...**

...and my partner NCB  
took that leap with me.

They have stuck with me and helped  
me grow my business and put my  
Best **LIFE** Forward.







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