



Global Entrepreneurship Monitor

Trinidad and Tobago 2012 Report



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Acknowledgements

The authors are grateful to the GEM coordination team: Mr. Chris Aylett (Project Administrator), Ms. Yana Litovsky (Data Manager) and Ms. Alicia Coduras (NES coordinator) for their support through the GEM cycle. Dr. Rodrigo Varela and his team at Universidad ICESI continued to provide tremendous support in so many ways through the project as they have done in previous years. We also thank Carolina Robino, Lisa Burley, and the International Development Research Centre (IDRC) for their generous sponsorship, and Lois Stevenson for her comments on the first draft of this report. Finally we thank Karen Lynch and SacodaServ Ltd for their data collection work.

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Executive Summary

The Global Entrepreneurship Monitor (GEM) is the most important and comprehensive study of entrepreneurship and the entrepreneurial environment internationally. The GEM study now covers 74% of the world's population and 84% of its GDP. In Trinidad and Tobago the study is conducted by the Arthur Lok Jack Graduate School of Business. A total of 2,029 adults aged 18- and over were interviewed in the Adult Population Survey (APS) for this study in 2012. Aside from the views of the general public, 45 'experts' from various fields related to entrepreneurship were also interviewed in the National Expert Survey (NES), and an entrepreneurship environment scan was undertaken in which public documents relating to entrepreneurship were reviewed and policy makers were interviewed.

The key indicator of GEM research is the rate of Total Entrepreneurial Activity (TEA). This is the percentage of adults who are operating- or in the process of starting a new business. The Trinidad and Tobago TEA rate in 2012 was approximately 15%. This amounts to some 144,000 nascent and new entrepreneurs in Trinidad and Tobago. The majority of these entrepreneurs were in the age group 25-34. These early entrepreneurs were found to finance their businesses from personal savings rather than to access venture financing from banks and other financial institutions.

The APS respondents reported high levels of confidence in their ability to start and operate a new business. This finding contrasts with the views of the experts in the NES who believed that generally people in Trinidad and Tobago do not possess the required skills. The environment scan revealed some issues in the way in which entrepreneurship is addressed in the education system that may provide some opportunities for policy intervention to close this gap by sensitizing the public to some of the issues involved in operating a business.

Entrepreneurship has been put forward as a potential vehicle for diversification of the Trinidad and Tobago economy to reduce dependence on the energy sector. While the TEA rate in Trinidad and Tobago is relatively high, and indicators for entrepreneurial intent and image are indeed encouraging, ways need to be found to shift the nature of entrepreneurial businesses. These businesses are observed to be low on innovation, low on export orientation and low on job growth expectations. Great gains can be achieved by strengthening TEA firms on at least any two of these three criteria.

The report ends with a set of recommendations that have the potential to further boost the great strides that have been made in the arrangements to support, develop and encourage entrepreneurship over the past few years, and to improve entrepreneurial outcomes and performance.

Introduction¹

The Global Entrepreneurship Monitor (GEM) is a not-for-profit academic research consortium that has as its mission to contribute toward global economic development through entrepreneurship. To achieve this, GEM research seeks to deepen our understanding of entrepreneurship by conducting and disseminating research that: (1) measures the level and characteristics of entrepreneurial activity within and across countries; (2) identifies the principal factors which encourage or hinder entrepreneurial activity; and (3) provides guidance for the formulation of effective and targeted policies to foster the quality and quantity of entrepreneurial activity in each country. GEM is the largest single study of entrepreneurial activity in the world. Started as a partnership between London Business School and Babson College, it was initiated in 1999 with 10 countries, and has expanded to include 69 economies covering 74% of world population and 84% of world GDP by 2012.

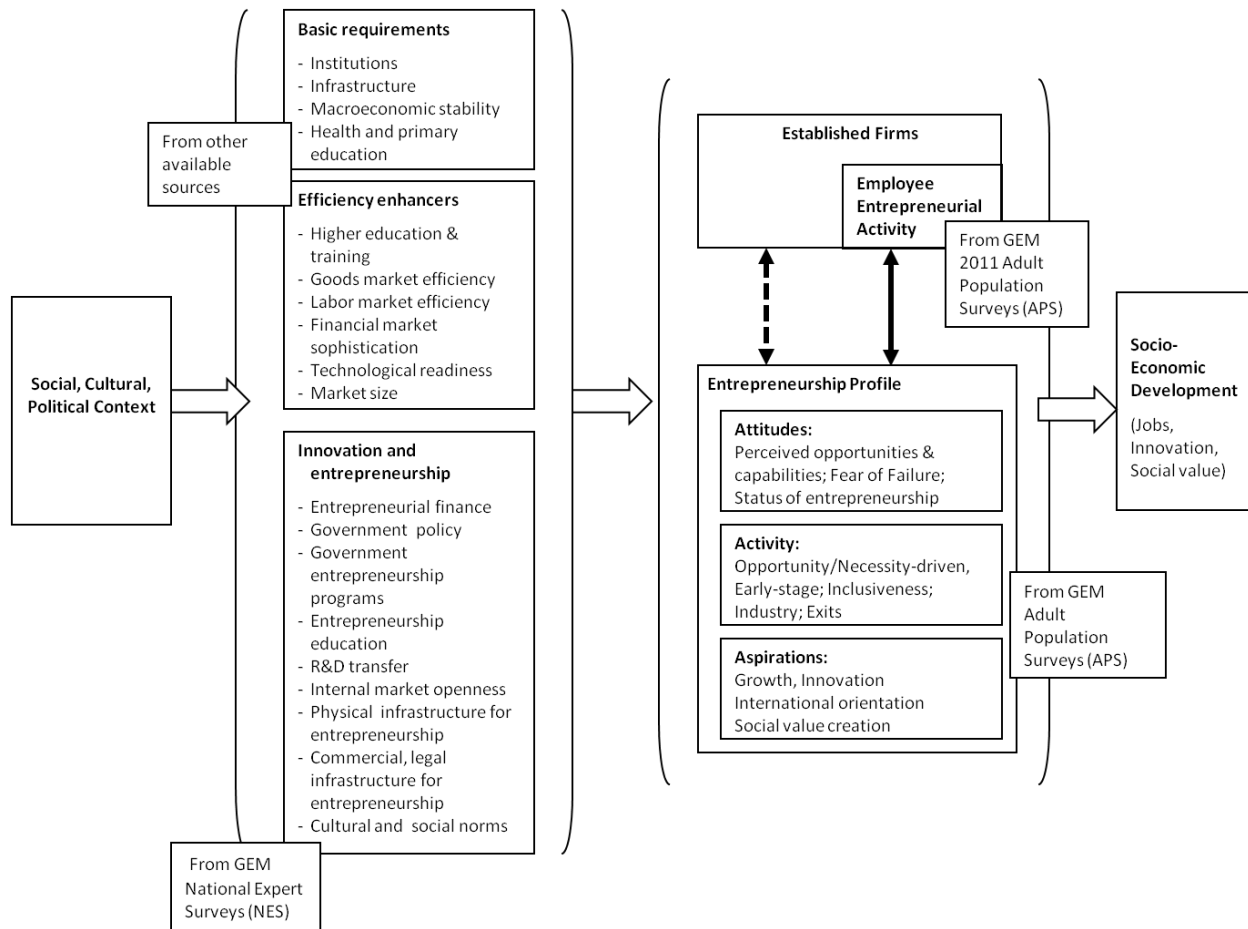
In 2012, the Arthur Lok Jack Graduate School of Business conducted the third annual survey of the rate and profile of entrepreneurial activity in Trinidad & Tobago. 2049 adults (aged 18 and older) were interviewed. Based on this survey, GEM estimated that 15% of the adult population was actively engaged in starting and running new businesses in 2012.

Figure 1 illustrates the GEM conceptual model of the institutional environment and its effect on entrepreneurship. As this figure shows, two sets of conditions - basic requirements and efficiency enhancers - are foundation conditions that influence the way a society functions and the well-being of its people. These have been adopted from the World Economic Forum's (WEF) Global Competitiveness Report. They are general framework conditions that effect economic activity more broadly, but they are critical to entrepreneurship because without a solid institutional foundation, the entrepreneurship-specific conditions cannot function effectively.

Figure 1 also shows nine entrepreneurship framework conditions (EFC's). The determinants of entrepreneurship are complex; the extent to which specific variables can be tied to the rate or profile of entrepreneurship in a particular economy is not well understood. The institutional environment is critical to the study of entrepreneurship however, because it creates conditions that entrepreneurs must navigate and that policy makers can address.

¹ Adapted from Kelley, Donna, Herrington, Mike, and Singer, Slavica. (2012). Global Entrepreneurship Monitor (GEM) 2011 Annual Global Report. London: Global Entrepreneurship Research Association.

Figure 1: The Institutional Context and Its Relationship to Entrepreneurship



Source: 2012 GEM Global Report P.15.

The data used in the analysis is gathered through the use of two major instruments; the Adult Population Survey (APS) and the National Expert Survey (NES).

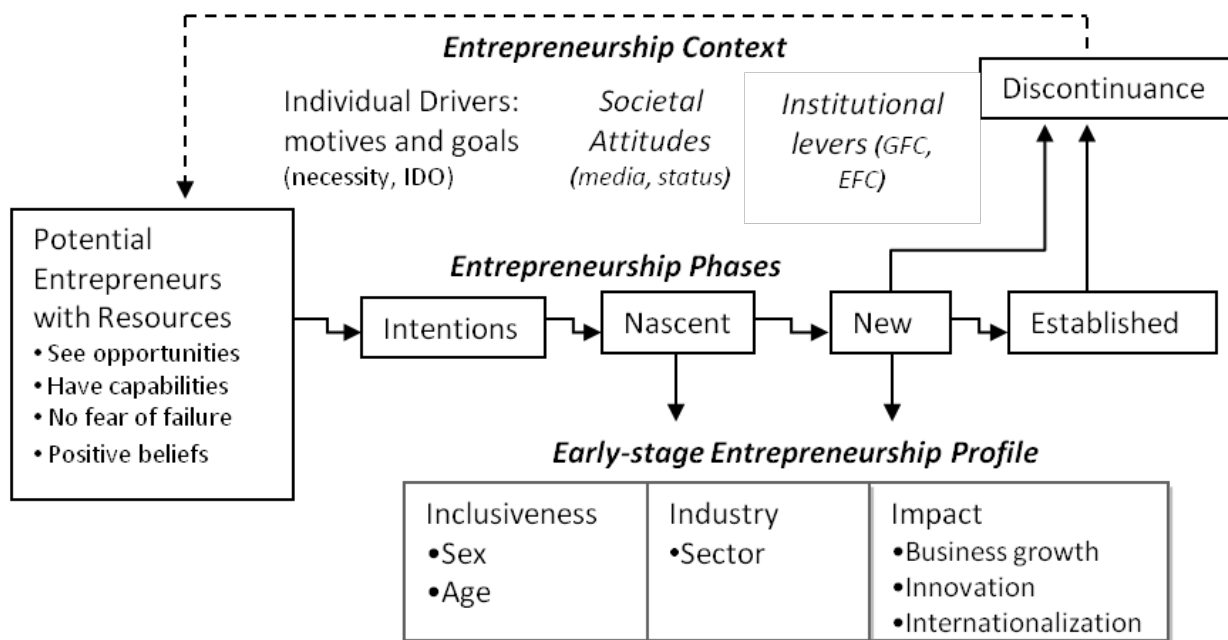
- The **Adult Population Survey (APS)** is administered to a representative national sample of at least two thousand (2000) adults (18 and over) from all geographic regions of the country. The sample includes those both in and out of the labor force e.g. homemakers, retirees, and students. Only those people visiting the country, in institutions (prisons, mental institutions), group quarters or the military are excluded from the sample design.

- The **National Expert Survey (NES)** is used by GEM in order to study the views of experts who are directly involved in delivering or assessing a major aspect of an entrepreneurial framework condition in their country. Experts are drawn from each of the nine framework areas relating to the entrepreneurial environment.

The Phases and Profile of Entrepreneurship

GEM recognizes that the prosperity of an economy depends greatly on a dynamic entrepreneurship sector. This is true across all stages of development. Entrepreneurship rates and profiles vary considerably between countries. Figure 2 illustrates the GEM measures across phases of entrepreneurial activity, with an added emphasis on profile factors.

Figure 2: The Entrepreneurship Process and GEM Operational Definitions



Adapted from 2011 GEM Global Report

GEM measures multiple phases of entrepreneurship, namely Potential Entrepreneurs, persons possessing Entrepreneurial Intent, as well as Nascent, New and Established Entrepreneurs. Due

to the diversity, complexity and interdependence of the conditions affecting entrepreneurship it is difficult to establish that these phases are clear predictors of each other. For example, a society with many potential entrepreneurs may have a low rate of entrepreneurial activity due to particular environmental constraints. Similarly, there may exist a situation where high startup activity is accompanied by a relatively low number of established businesses which points either to a lack of sustainability among those startups or to environmental constraints that make it difficult to stay in business. As a result, in Figure 2 above, the arrows connecting the phases are uneven in order to illustrate that the relationship between the phases are not definitive.

The phases start out with potential entrepreneurs: those that see opportunities in their area and believe they have the capabilities to start businesses. Other factors include the extent to which individuals would not be deterred by fear of failure in pursuing opportunities. In addition, the broader society can influence the spread of entrepreneurship through perceptions about this activity as a career choice, the status of entrepreneurs in society and positive representation of entrepreneurs in the media.

The cycle continues: intent to start a business is followed by nascent activity, comprising entrepreneurs who are in the process of trying to start a new business. New business owners are former nascent entrepreneurs; they have been in business for more than three months, but less than three and a half years.

Together, nascent and new entrepreneurs compose total early-stage entrepreneurial activity (TEA).

Additional phases include established business ownership as well as business discontinuance, which can supply society with experienced entrepreneurs who may go on to start another business or to use their expertise and resources to benefit entrepreneurs in some way (through financing, advising, or other forms of support).

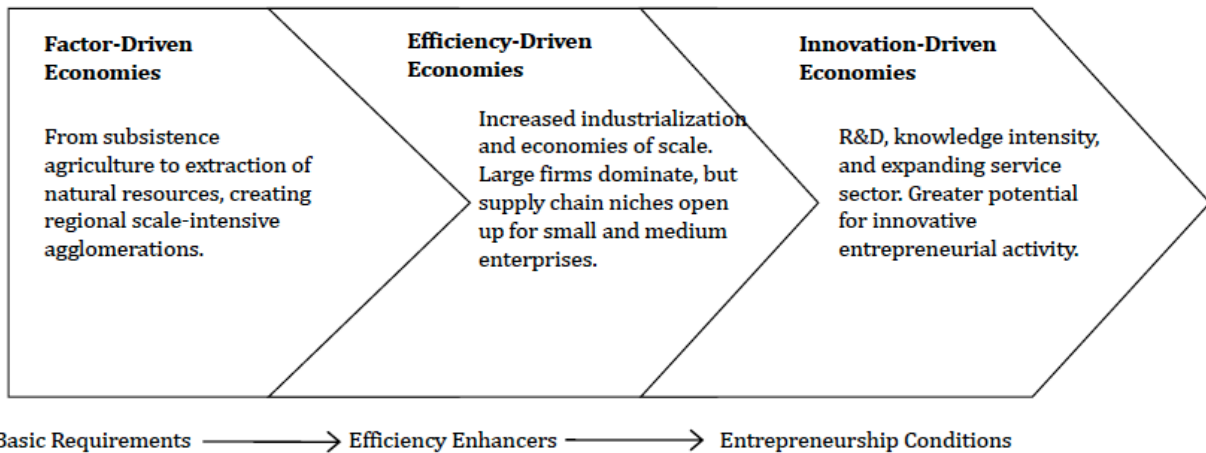
GEM emphasizes that it is not enough to study only the numbers of entrepreneurs and to compare numbers with other countries. The profile of entrepreneurs—the characteristics of individuals who participate in this activity—differs considerably across countries.

This report reviews three profile factors: inclusiveness, industry, and impact. Their importance is based on several assumptions. First, societies are more likely to realize the full potential of their entrepreneurial human resources when entrepreneurship is inclusive—that is, available to all people regardless of gender age, ethnicity or other demographic grouping. Second, entrepreneurs will differ in the sectors in which they start businesses (consumer, extractive, manufacturing, business services); the mix of businesses in an economy may have particular

implications. Finally, entrepreneurs impact their societies through their innovations, their international reach, and their growth ambitions.

GEM research links entrepreneurship to economic development by comparing the results of entrepreneurial activity across countries in different phases of economic development. For the purposes of classifying GEM countries according to their level of economic development, GEM uses the categories used by the World Economic Forum (WEF) in its Global Competitiveness Report, which identifies three phases of economic development based on GDP per capita and the share of exports comprising primary goods. The three economy groupings based on this categorization are: factor-driven, efficiency-driven, and innovation-driven, as outlined in Figure 3.

Figure 3: Economic Groups



Source: 2010 GEM Global Report.

Table 1 Shows the countries that participated in the 2012 GEM project organized into geographic regions and development level. All of the Latin American and Caribbean countries meet the criteria for Efficiency-Driven status in this model.

Table 1: GEM Economies by Geographic Region and Development Level in 2012²

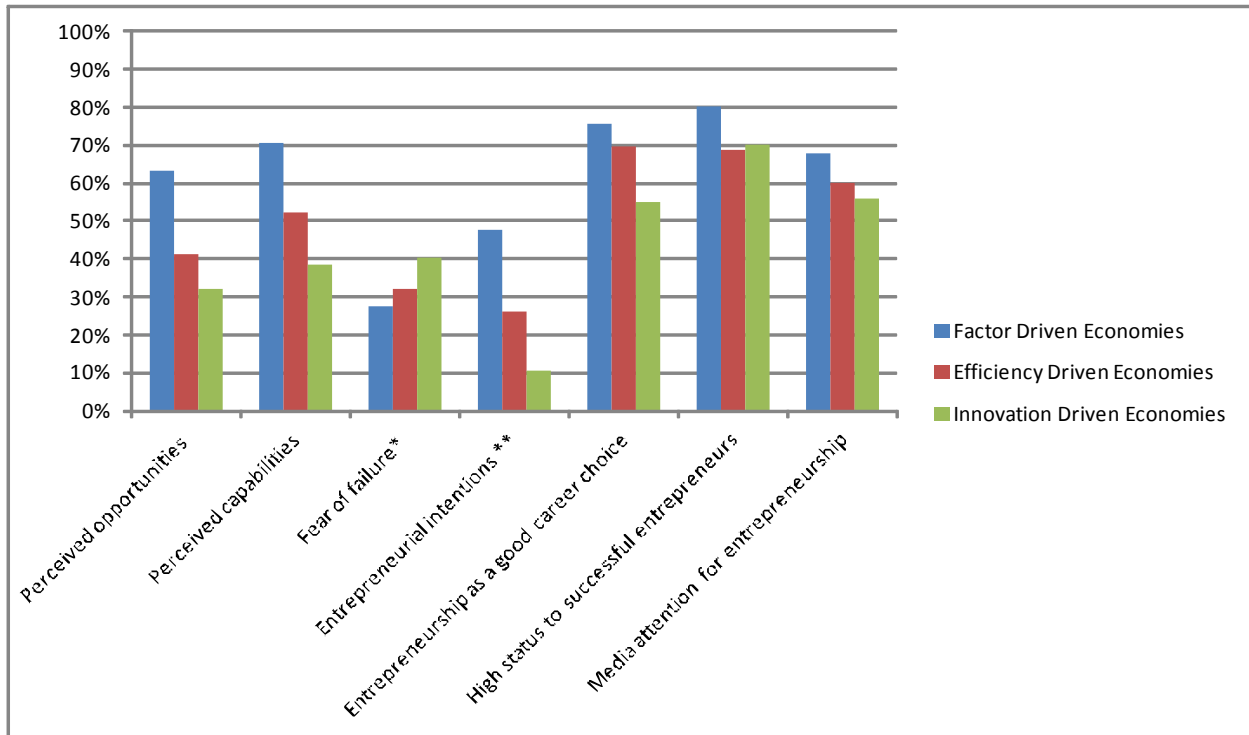
	Factor-Driven Economies	Efficiency-Driven Economies	Innovation-Driven Economies
Latin America and the Caribbean		Argentina, Barbados, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Mexico, Panama, Peru, Trinidad & Tobago, Uruguay	
Middle East and North Africa	Algeria, Egypt, Iran, Palestine	Tunisia	Israel
Sub-Saharan Africa	Angola, Botswana, Ethiopia, Ghana, Malawi, Nigeria, Uganda, Zambia	Namibia, South Africa	
Asia Pacific and South Asia	Pakistan	China, Malaysia, Thailand	Japan, Republic of Korea, Singapore, Taiwan
European Union		Estonia, Hungary, Latvia, Lithuania, Poland, Romania	Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Portugal, Slovakia, Slovenia, Spain, Sweden, United Kingdom
European: Non-EU		Bosnia and Herzegovina, Croatia, Macedonia, Russia, Turkey	
USA			USA

(Source: GEM 2012 Global Report).

Figure 4 shows patterns in the overall entrepreneurial perceptions and intentions among the countries that participated in the GEM research, by stage of economic development.

² In 2013, the WEF reclassified Trinidad and Tobago as an Innovation driven economy.

Figure 4: Entrepreneurial Perceptions and Intentions by Stage of Economic Development



*Fear of failure was assessed for those seeing opportunities.

**Intentions were assessed among the non-entrepreneur population.

In moving from factor-driven to innovation-driven economies, perceived opportunities show a decline. This is explained in the GEM Global Report (2012) as being linked to the type of business that a respondent has in mind when answering questions dealing with whether they perceive that the economy holds opportunities for new businesses. This in turn may be linked to the necessity versus opportunity motives which are discussed in National Expert Survey section of this report. In moving from factor oriented economies towards more developed economies, the data suggest decreasing perceptions of respondents concerning their ability to operate a business along with an increasing fear of failure.

Factor driven economies generally show relatively more favourable attitudes towards entrepreneurship compared to more developed economies, as well as markedly higher levels of entrepreneurial intentions.

Entrepreneurial Activity in Trinidad & Tobago

The entrepreneurship process is a complex endeavour carried out by people living in specific cultural and social conditions. For this reason, the positive or negative perceptions that society has about entrepreneurship can strongly influence the motivations of people to enter entrepreneurship. Societies benefit from people who are able to recognize valuable business opportunities and who perceive they have the required skills to exploit them. If the economy in general has a positive attitude towards entrepreneurship, this can generate cultural and social support, financial and business assistance, and networking benefits that will encourage and facilitate potential and existing entrepreneurs. The GEM survey includes the following indicators of attitudes about starting a business:

Individual Self-perceptions

- Awareness about good opportunities for starting a business in one’s area
- Belief in one’s skills and experience to start a business
- Attitude towards failure

Societal Impressions

- Whether starting a business is considered a good career choice
- Opinion about the association of entrepreneurship with high status
- Awareness of positive media attention for entrepreneurship

For perceived opportunities, Trinidad and Tobago ranks third highest among the Latin American and Caribbean economies, and fourteenth highest out of the 67 countries for which data for this item was collected in the 2012 APS. This is displayed in Figure 5 which shows all 67 countries grouped by region. Generally, the perceptions about opportunities offered by the local economy are relatively high in Latin America and the Caribbean – second only to Sub-Saharan Africa as a region.

Figure 5: The percentage of respondents answering ‘Yes’ to the question ‘In the next six months, will there be good opportunities for starting a business in the area where you live?’.



For perceptions about the ability to operate a business and fear of failure, Trinidad and Tobago is similar to the sub Saharan factor-driven economies with extremely high confidence on the part of APS respondents in their ability to operate a business and extremely low fear of failure. This is shown in Figures 6 and 7. This perception of high confidence among APS respondents in their ability in this regard has been a recurring and consistent finding for Trinidad and Tobago. This issue is taken up further in NES sections where the NES findings are discussed.

Figure 6: The percentage of APS Respondents answering ‘Yes’ when asked if they were capable of starting and operating a new business

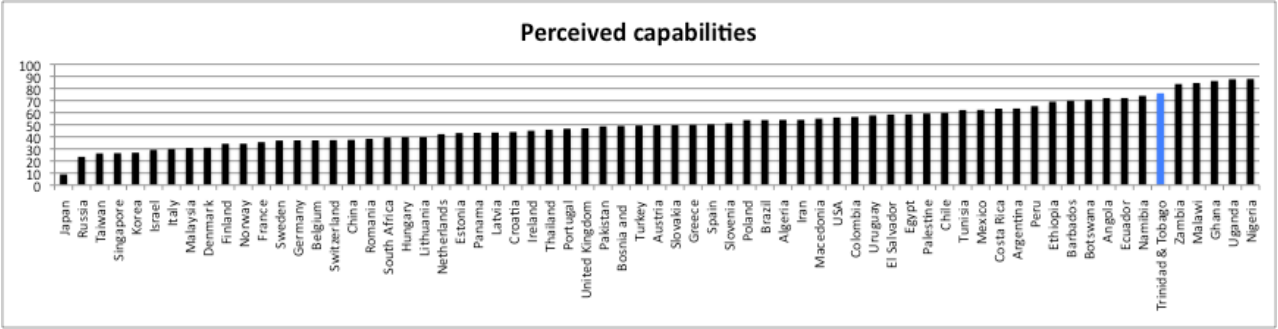


Figure 7: The percentage of respondents answering ‘Yes’ to the question ‘Would fear of failure prevent you from starting a new business?’



For perceptions about the image of the entrepreneur Trinidad and Tobago ranks favourably relative to the other countries in the APS in 2012, ranking twelfth in terms of entrepreneurship as a ‘good career choice’ and in the top half in terms of favourable media attention and the status of the entrepreneur. The position of Trinidad and Tobago relative to other countries with regards to these questions are displayed in Figures 8 through 10.

Figure 8: The percentage of respondents answering 'Yes' when asked if they agree with the statement: "In my country, most people consider starting a new business to be a desirable career choice"

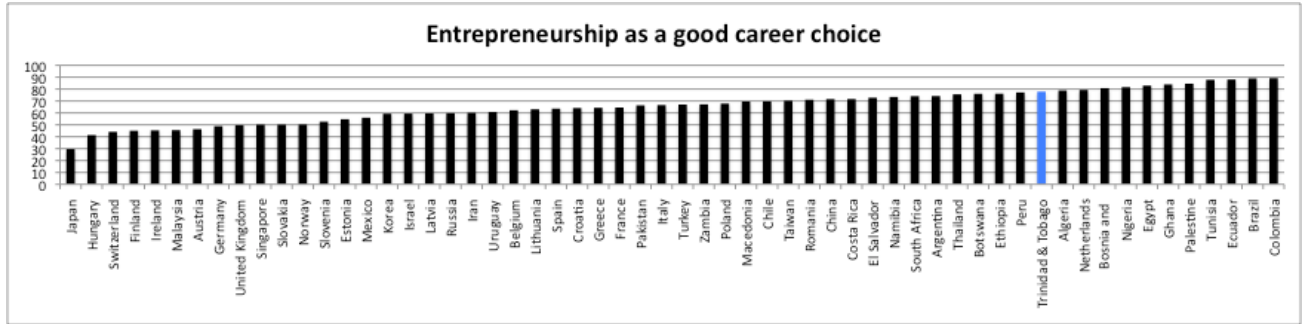


Figure 9: The percentage of respondents answering 'Yes' when asked if they agree with the statement: "In my country, those successful at starting a new business have a high level of status and respect."

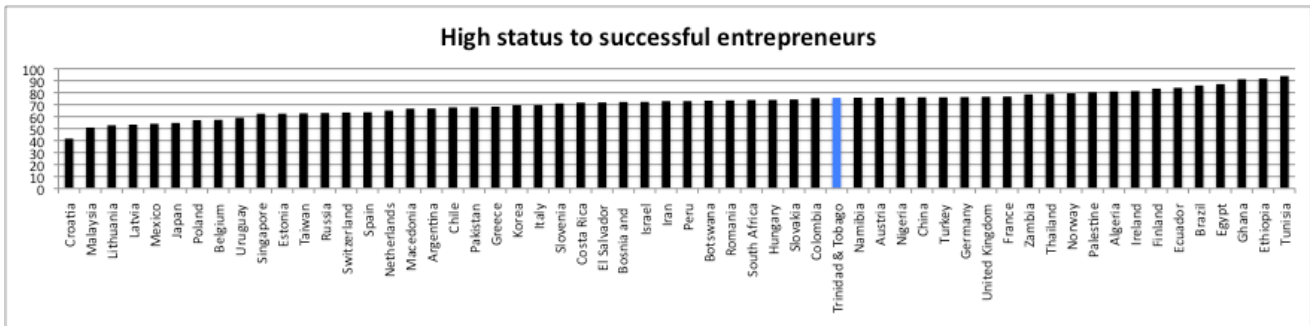


Figure 10: The percentage of respondents answering 'Yes' when asked if they agree with the statement: "In my country, you will often see stories in the public media about successful new businesses."

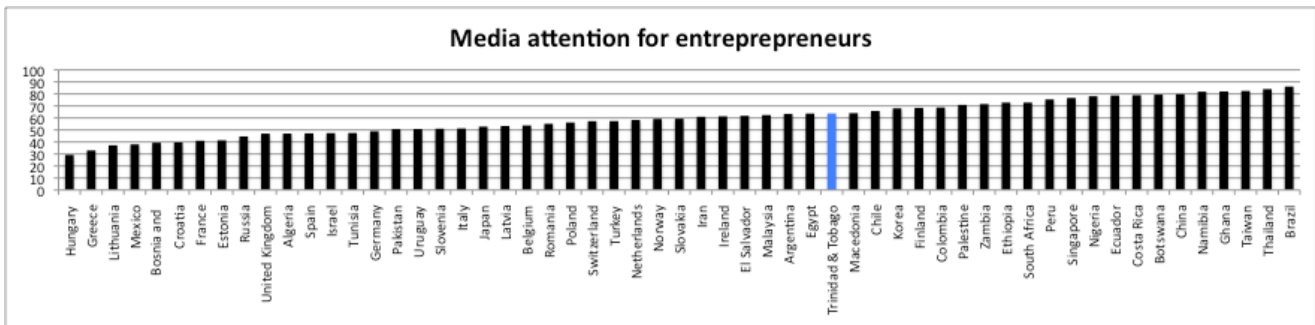
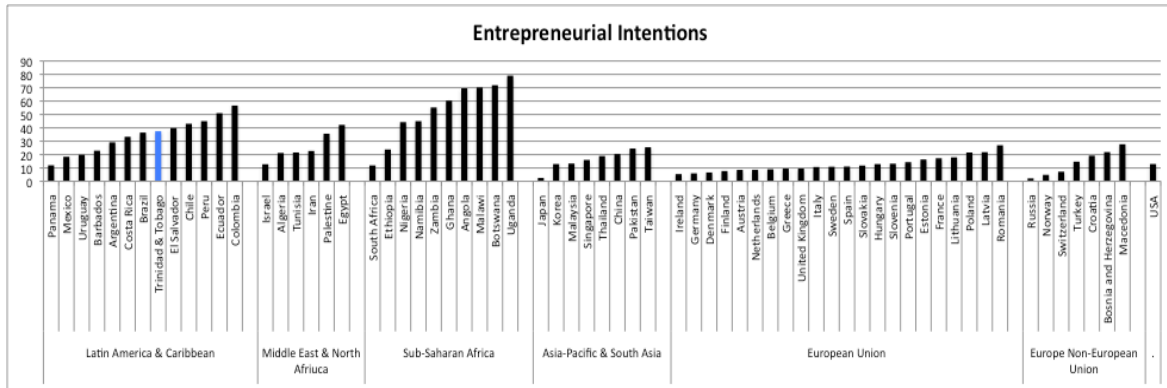


Figure 11: Entrepreneurial Intentions in Ascending Order Grouped by Region.



Despite the favourable position relative to the other Latin American and Caribbean economies (as well as to the international average) with regard to entrepreneurial perceptions, Trinidad and Tobago ranks 5th within the region in terms of entrepreneurial intentions (Figure 11). However the level of entrepreneurial intentions is still high relative to all other countries. Only Sub Saharan Africa scores higher for intentions than Latin America and the Caribbean.

Table 2 shows the detailed scores for perceptions and attitudes towards entrepreneurship as captured in the Adult Population Survey for the Latin American and Caribbean countries that took part in the GEM Project in 2012.

Table 2: Entrepreneurial Attitudes and Perceptions – 2012 GEM Results for countries in Latin America and the Caribbean.

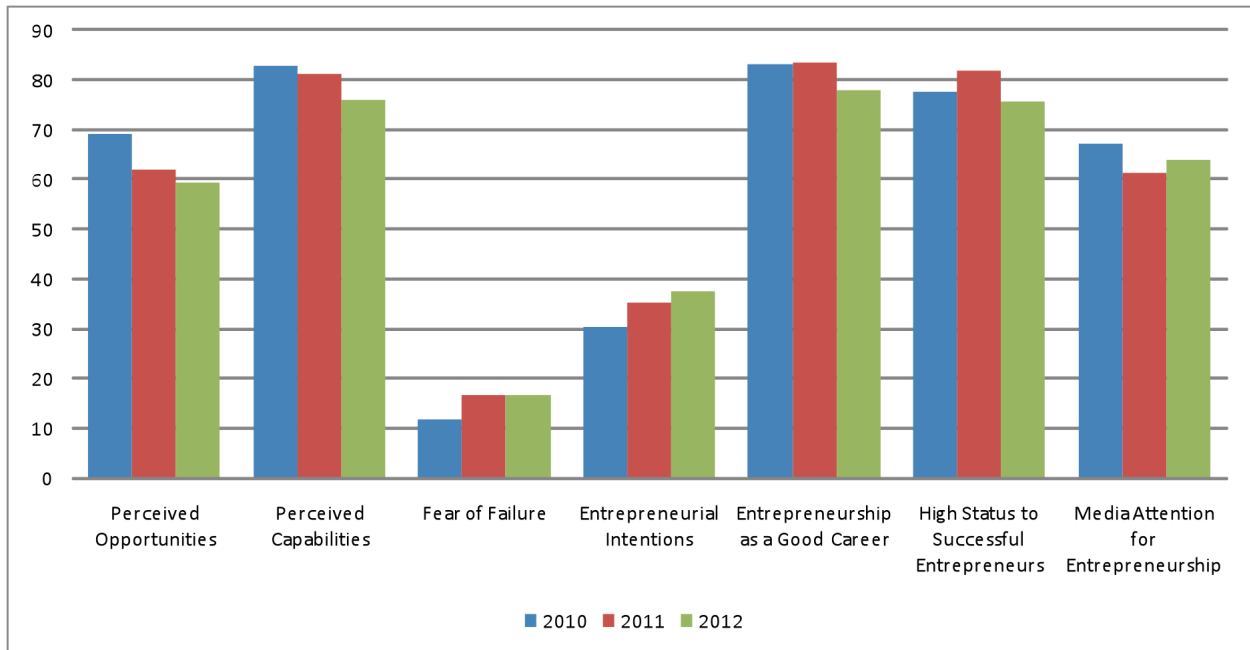
Country	Perceived opportunities	Perceived capabilities	Fear of failure*	Entrepreneurial intentions **	Entrepreneurship as a good career choice	High status to successful entrepreneurs	Media attention for entrepreneurship
LATIN AMERICA & CARRIBEAN							
Argentina	50.08	63.46	27.02	29.20	74.23	66.87	63.41
Barbados	47.01	69.86	17.27	22.99			
Brazil	52.40	53.94	31.05	36.47	89.04	86.04	86.17
Chile	64.91	59.91	27.99	43.12	69.74	67.78	65.84
Colombia	71.80	56.57	32.04	56.66	89.22	75.49	68.75
Costa Rica	47.14	63.26	35.26	33.35	71.72	71.79	79.04
Ecuador	58.55	72.10	32.85	51.04	88.11	84.14	78.78
El Salvador	42.74	58.51	41.72	39.84	72.86	71.90	61.83
Mexico	44.99	62.34	25.66	18.39	56.00	54.14	38.10
Panama	38.48	43.34	16.67	12.05			
Peru	56.99	65.47	30.36	45.06	77.25	73.00	75.52
Trinidad & Tobago	59.23	76.06	16.65	37.48	77.93	75.67	63.79
Uruguay	51.03	57.81	27.18	19.90	60.82	59.12	50.82
Average (unweighted)	52.72	61.74	27.83	34.27	75.17	71.45	66.55

*Fear of failure was assessed for those seeing opportunities.

**Intentions were assessed among the non-entrepreneur population.

Figure 12 shows the trends in Trinidad and Tobago over the period 2010-2012. The numbers in Figure 12 represent the percentages of the adult population aged 18-64. Despite the general decline in perceived opportunities, capabilities and image of entrepreneurship, and the increased concern with failure, there has been an increase in entrepreneurial intent. This suggests the existence of factors other than those in Figure 12 that play an important role in determining entrepreneurial intent within the Trinidad and Tobago population.

Figure 12: Trends relating to attitudes and perceptions towards entrepreneurship for Trinidad and Tobago over the period 2010-2012



Total Early-Stage Entrepreneurial Activity (TEA)

Table 3: Total Early-Stage Entrepreneurial Activity (TEA) for Latin American and the Caribbean.

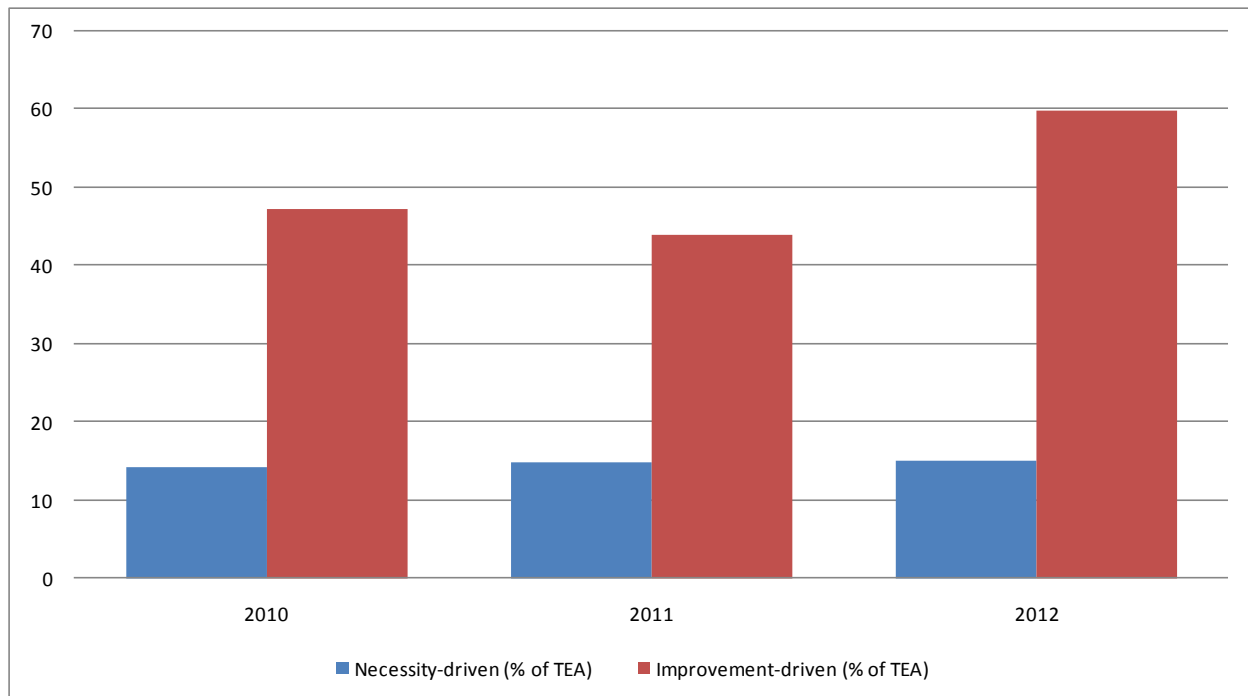
Country	Nascent entrepreneurship rate	New business ownership rate	Early-stage entrepreneurial activity (TEA)	Established business ownership rate	Business Discontinuance	Necessity-driven (% of TEA)	Improvement-driven opportunity (% of TEA)
LATIN AMERICA & CARRIBEAN							
Argentina	11.79	7.30	18.88	9.63	4.92	34.54	46.61
Barbados	9.98	7.23	17.12	12.23	2.87	12.42	62.68
Brazil	4.48	11.30	15.44	15.19	4.51	30.13	58.83
Chile	14.68	8.43	22.58	7.77	4.97	17.40	68.87
Colombia	13.58	6.86	20.11	6.72	6.74	12.42	47.83
Costa Rica	10.00	5.34	15.04	3.33	3.49	20.20	47.88
Ecuador	16.72	11.68	26.61	18.92	7.59	35.83	30.21
El Salvador	7.69	7.79	15.26	9.39	7.83	35.24	39.22
Mexico	7.94	4.28	12.11	4.67	4.31	13.44	51.82
Panama	7.21	2.69	9.46	1.86	1.82	19.49	56.76
Peru	14.67	6.22	20.21	5.10	6.75	23.42	53.13
Trinidad & Tobago	8.76	6.52	14.96	7.19	4.50	15.09	59.88
Uruguay	10.18	4.71	14.63	4.97	4.99	18.38	39.85
Average (eighted)	10.59	6.95	17.11	8.23	5.02	22.15	51.04

TEA is a combination of (1) the rate of nascent entrepreneurial activity and (2) the rate of new business ownership (defined by GEM as individuals who own businesses that are up to three and half years old).

The TEA rate for Trinidad and Tobago in 2012 is below the average for the Latin America and Caribbean efficiency driven economies, in fact, 4th from the bottom at 15%.

Necessity versus Opportunity Entrepreneurship

Figure 13: Motive for Total Early-Stage Entrepreneurship Activity in T&T (% of TEA)

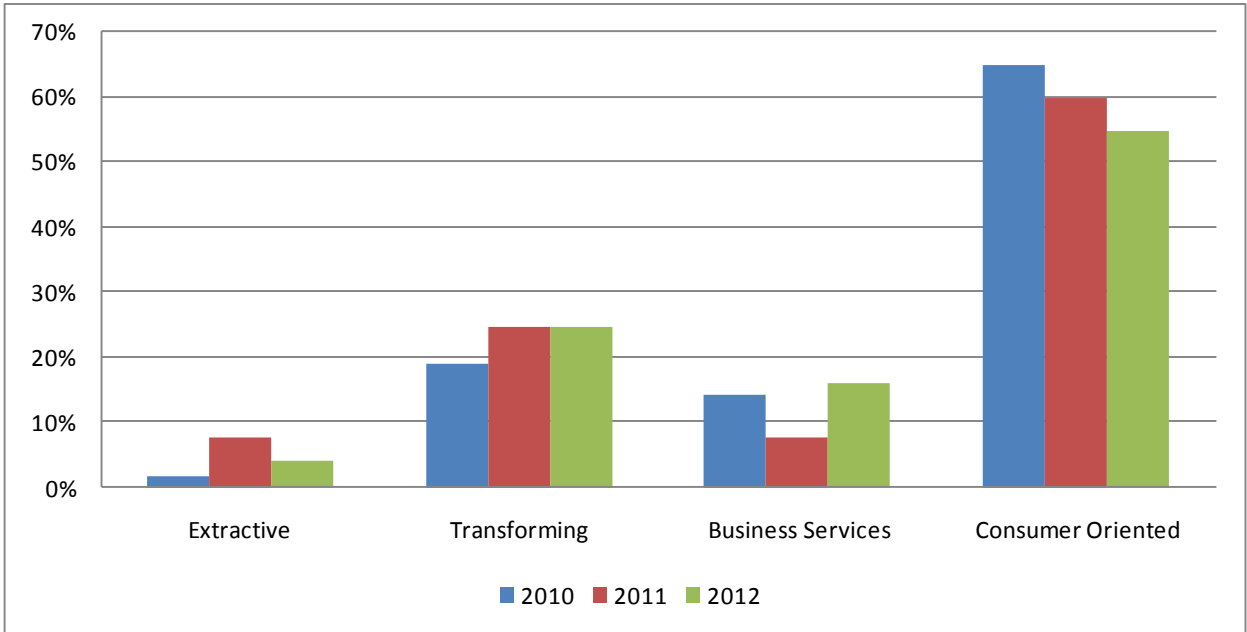


GEM recognizes that entrepreneurs may have different motivations for starting a business: in essence, they may be pushed or pulled into entrepreneurship. Some people may be pushed into starting a business because they have no other work options and need a source of income. GEM classifies these entrepreneurs as necessity-driven. Others enter this activity primarily to pursue an opportunity; they are pulled into entrepreneurship by the prospect of opportunity. GEM identifies these as opportunity-driven entrepreneurs; furthermore, these individuals may desire greater independence in their work or seek to maintain or improve their income. GEM distinguishes those that pursue independence or increased income as improvement-driven opportunity entrepreneurs. The relative prevalence of opportunity-motivated versus necessity-motivated entrepreneurial activity can provide useful insights into the quality of early-stage entrepreneurial activity in a given economy. GEM research has consistently shown that the economic contribution of opportunity-motivated firms is higher than for necessity-driven enterprises. The GEM 2010 Global Report (Kelley et al., 2010) highlights a number of factors which can have a marked impact on the level of improvement-driven opportunity motivation within an economy.

The TEA Rates for all countries are provided in Appendix I. Trinidad and Tobago has the fourth lowest necessity TEA in the Latin America and Caribbean Region and the second highest TEA rate for improvement driven opportunity entrepreneurship in the region.

Total Early-Stage Entrepreneurial Activity by Industry Sector

Figure 14: Sector Distribution of Total Early-Stage Entrepreneurship Activity in T&T (% of TEA) for period 2010-2012



GEM identifies four industry sectors: extractive, transforming, business services and consumer oriented services. Examples of the extractive sector are agriculture and mining businesses, whereas the transforming sector includes manufacturing and construction businesses. The business services sector is comprised of business support services such as accounting, marketing and information technology and the consumer oriented consists mainly of retail businesses.

In factor driven economies, the extractive sector tends to dominate TEA, whereas in innovation driven economies, the TEA has higher levels of transforming sector businesses and lower levels of extractive and consumer sector businesses.

The composition of TEA in Trinidad and Tobago is gradually changing. Overall in the period 2010 to 2012, there has been a decrease in contribution to Trinidad and Tobago’s TEA from consumer oriented services, and from the extractive sector. There was also an increase in the contribution of business services to TEA over the period 2011 to 2012 and the transforming sector remained unchanged in its contribution to TEA over the period 2011 to 2012.

Financing for Total Early-Stage Entrepreneurial Activity

Figure 15: Level of Finance Required for Total Early-Stage Entrepreneurship Activity in T&T 2012

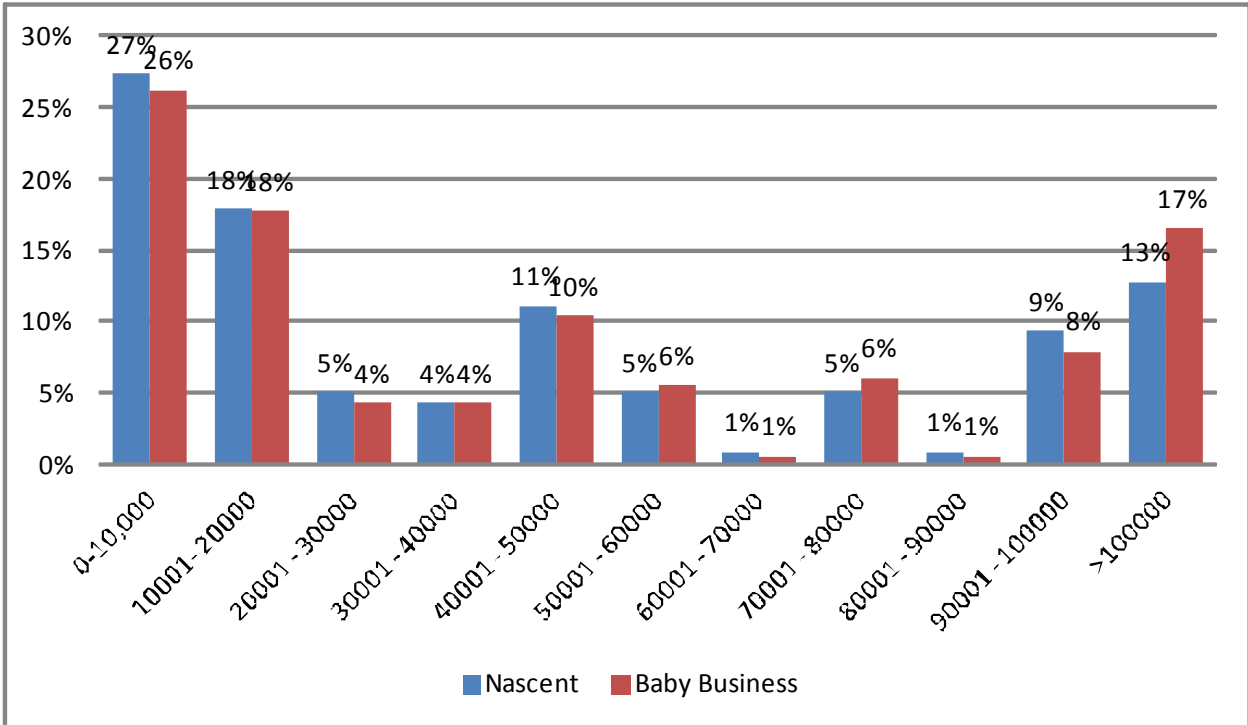
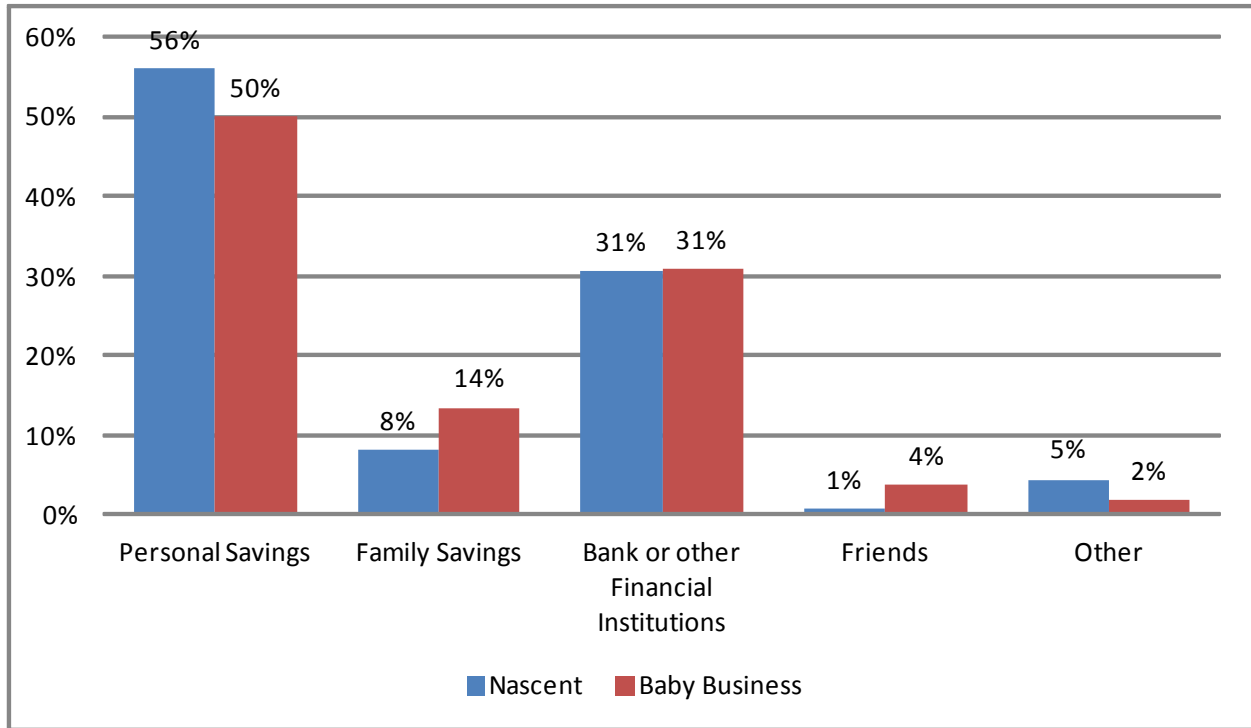


Figure 15 shows the amount of money estimated by TEA participants as being the amount of investment required to start their businesses. Most TEA participants need TT \$20,000.00 or less to engage in early stage entrepreneurial activity for both nascent entrepreneurs and baby businesses.

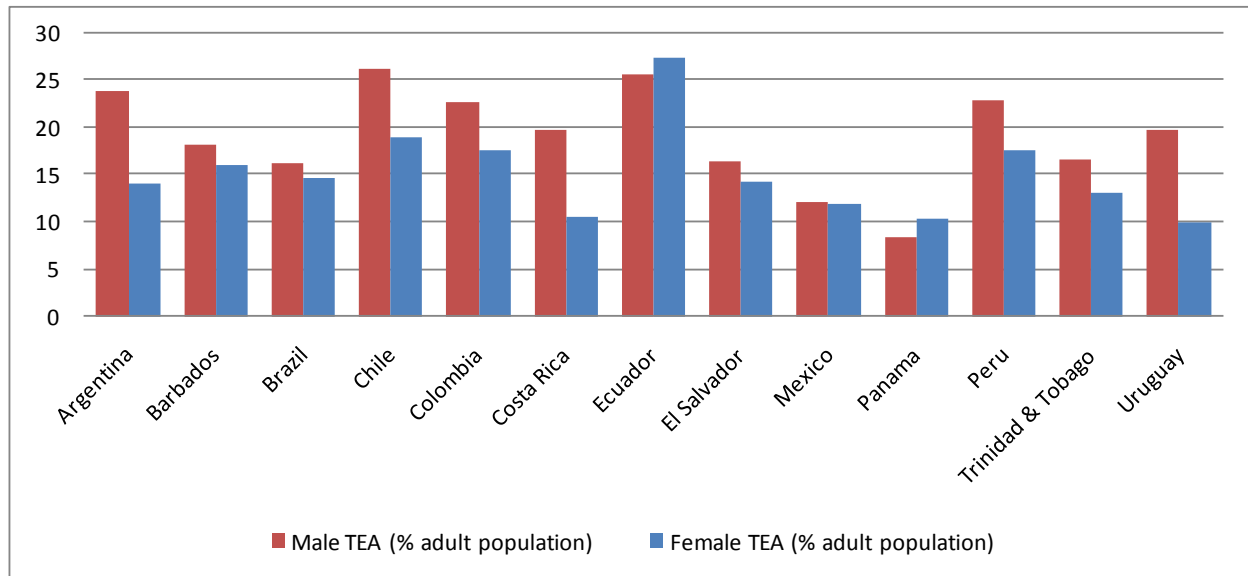
Figure 16: Source of Finance for Total Early-Stage Entrepreneurship Activity in T&T 2012



Finance is the key resource that helps bring together all other resources to aid the realization of business goals and objectives. Figure 16 shows the sources of financing for TEA in 2012 in the APS. Most of TEA participants (56 % of the nascent entrepreneurs and 50% baby businesses owners) rely on personal savings as their source of finance. 31% of both the nascent entrepreneurs and baby business respondents indicated that financing was obtained from a financial institution such as bank. Family savings was the third highest source of financing with 8% of the nascent entrepreneurs and 14% of the baby business owners using this source.

Entrepreneurship by Gender, Age and Education (TEA)

Figure 17: Percentage of Entrepreneurial Activity between males and females



Internationally the TEA tends to be higher among men than it is among women. This phenomenon could be attributed to cultural and institutional differences. Trinidad and Tobago has a higher TEA among the male adult population (15.5%) than the female adult population (11.8%).

Figure 18a: Percentage of Entrepreneurial Activity among the different age groups

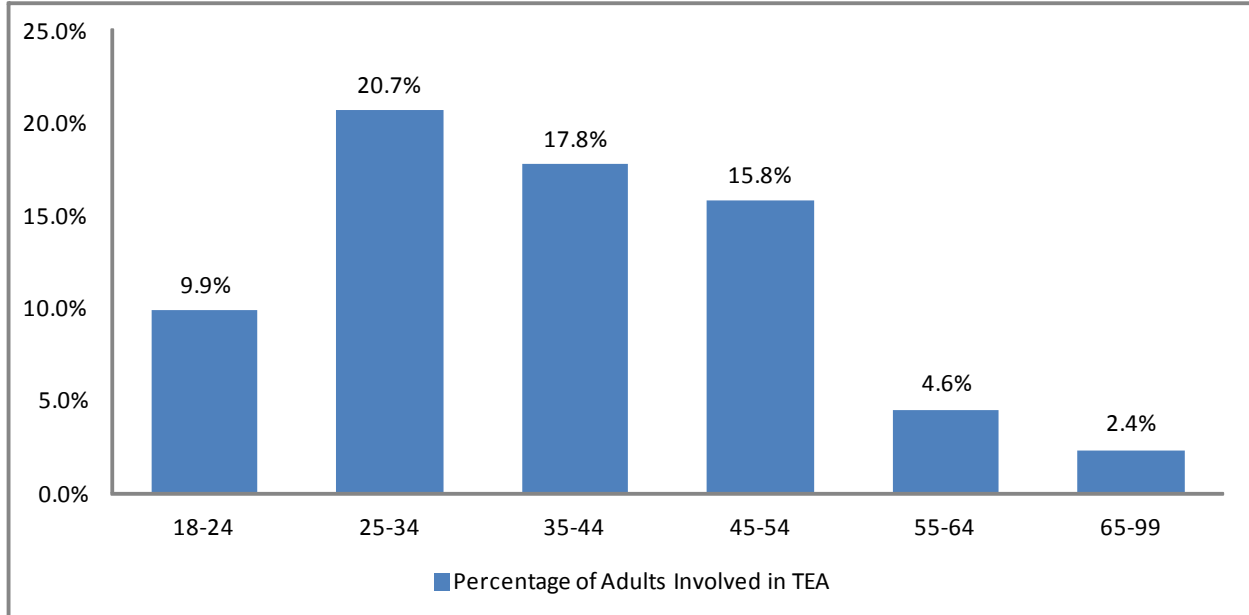


Figure 18b: Age breakdown of TEA participants

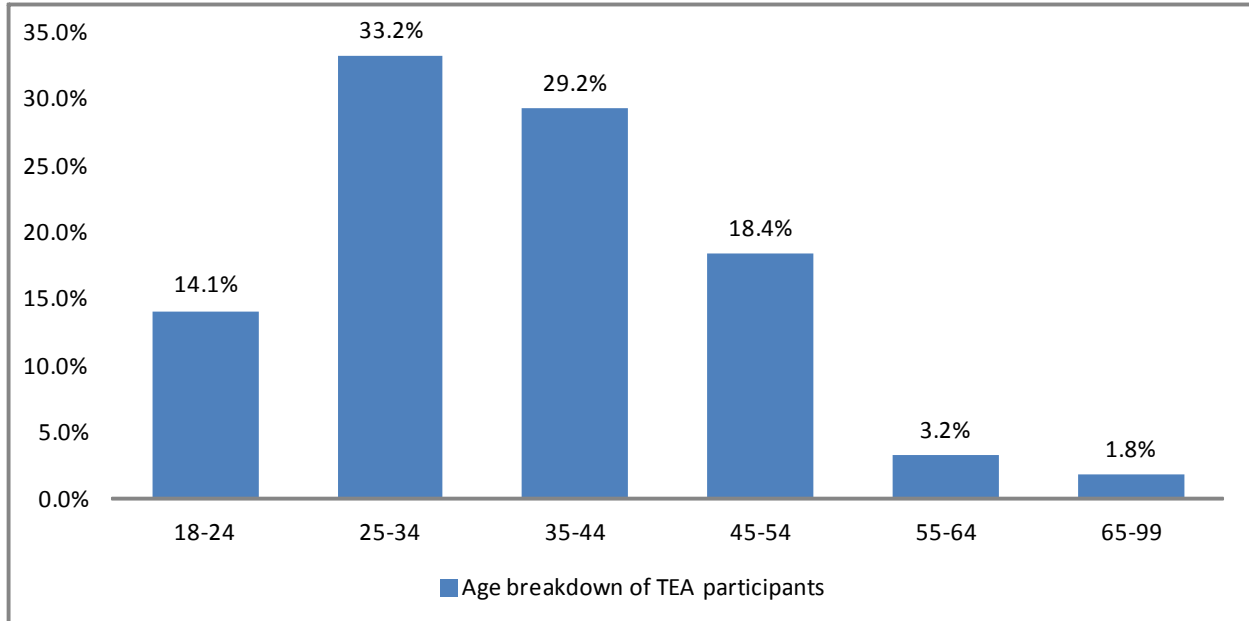


Figure 18a shows the level of TEA participation among the different age groups. The data in Figure 18a indicates that 20.7% of respondents aged 25-34 years old are engaged in early-stage entrepreneurial activity followed by 17.8% of the age group 35-44 years and 15.8% of the age group 45-54 years old. This corresponds to Figure 18b which shows the age breakdown of TEA

participants. The age group with the highest percentage of TEA participants is the 25-34 group. The bell shaped profile of entrepreneurial activity across age groups is consistent with international data, with the highest TEA rates generally occurring in the among 25-34 year-olds, and the second highest in the 35-44 age group. However, it should be noted that the TEA rate among 18-24 year-olds in Trinidad and Tobago (9.9%) is lower than the average for Latin and Caribbean countries (over 14%). In Trinidad and Tobago, the combined age group 25-44 accounts for the majority of TEA participants (62.4%) and therefore consideration could be given to policies and programmes that would improve the capability of early-stage entrepreneurs to develop high growth innovative businesses.

Figure 19: Entrepreneurial Activity broken down by level of Education

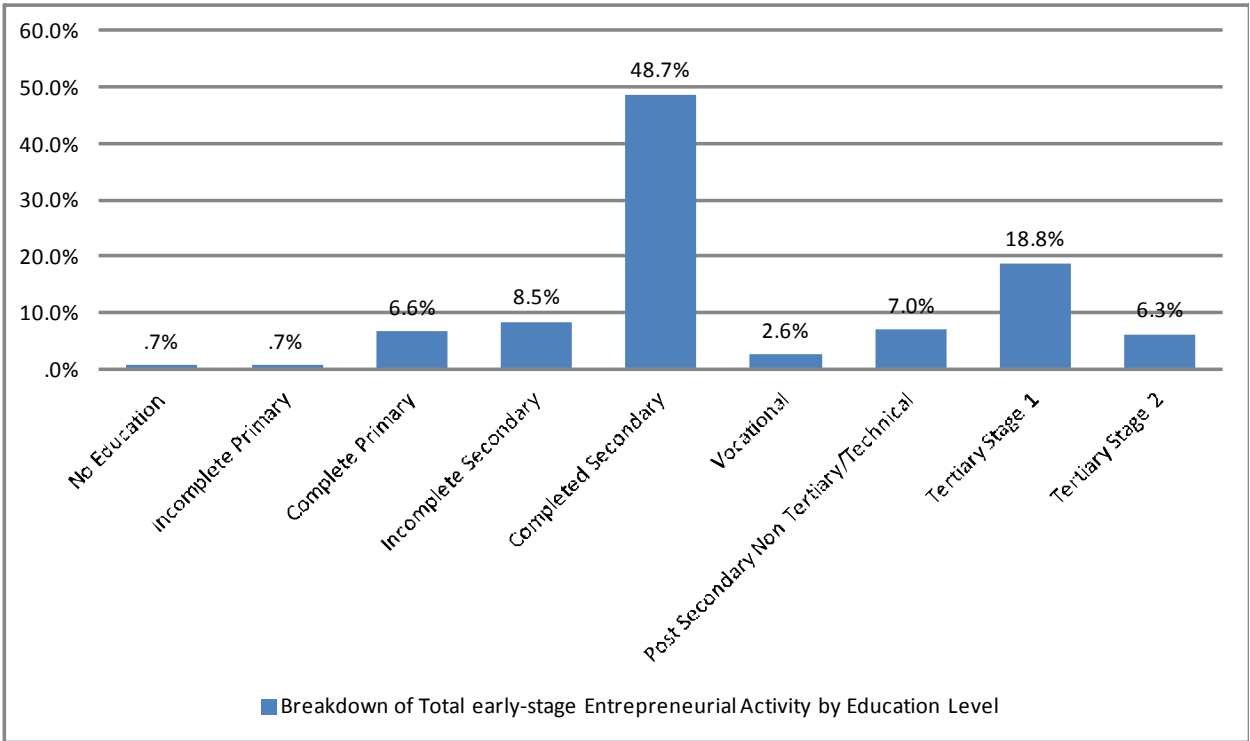
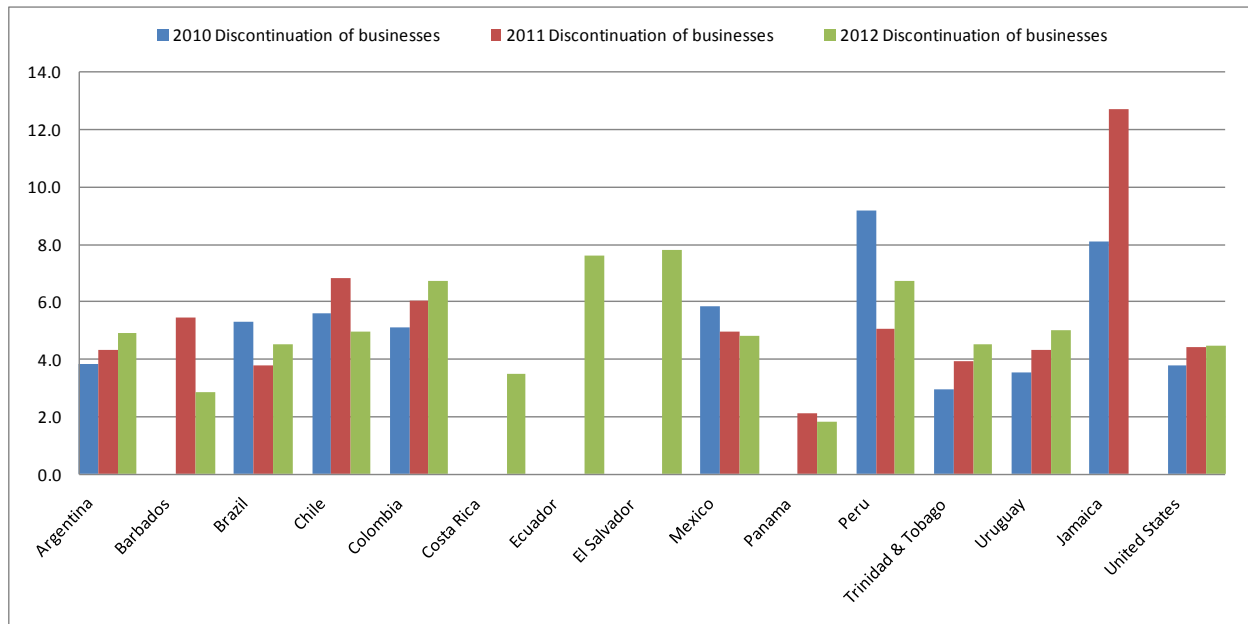


Figure 19 shows the highest level of education attained by TEA participants. 48.7% of the TEA entrepreneurs are formally educated up to the secondary level. In the entrepreneurship environmental scan, entrepreneurial education and training was observed to be concentrated in the tertiary education system, predominantly at the Masters level. 6.3% of entrepreneurs have attained tertiary stage 2 education, thus the capabilities the TEA participants possess to develop and manage high growth innovative entrepreneurial ventures within Trinidad and Tobago may have been acquired informally such as mentorship. There may be some opportunities to develop informal entrepreneurial education programmes. Entrepreneurship in the education system is revisited in the APS, NES and the environmental scan sections of this report.

Business Discontinuance

Figure 20: Business Discontinuance rate in Latin America and the USA (%).



The discontinuance rate is the percentage of the adult population that had sold, shut down, discontinued or quit a business that they owned and managed in the twelve months preceding the survey.

Figure 20 shows that Trinidad and Tobago has a low business discontinuance rate compared to most countries in the region, but this rate has been steadily increasing. 84% of the discontinuances in Trinidad and Tobago resulted in the business stopping operations after the owner's departure. However, in 16% of the cases the business continued to operate after the departure of the owner.

Figure 21: Reason for Exit (% Respondents who Discontinued Businesses)

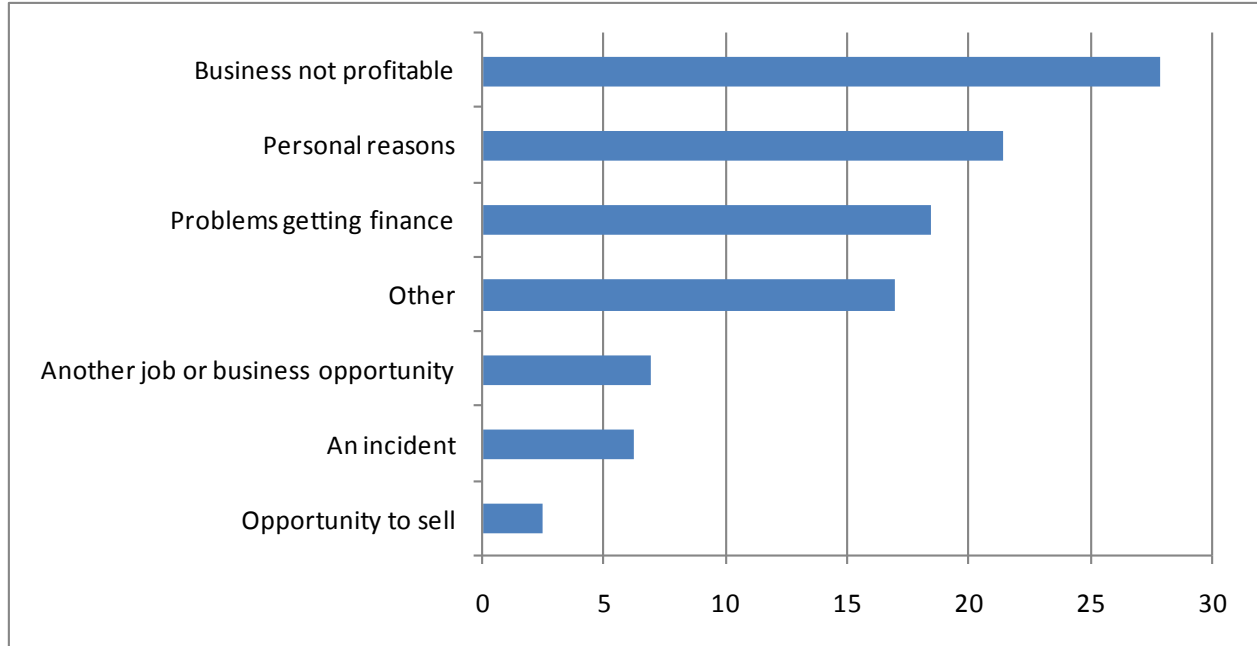


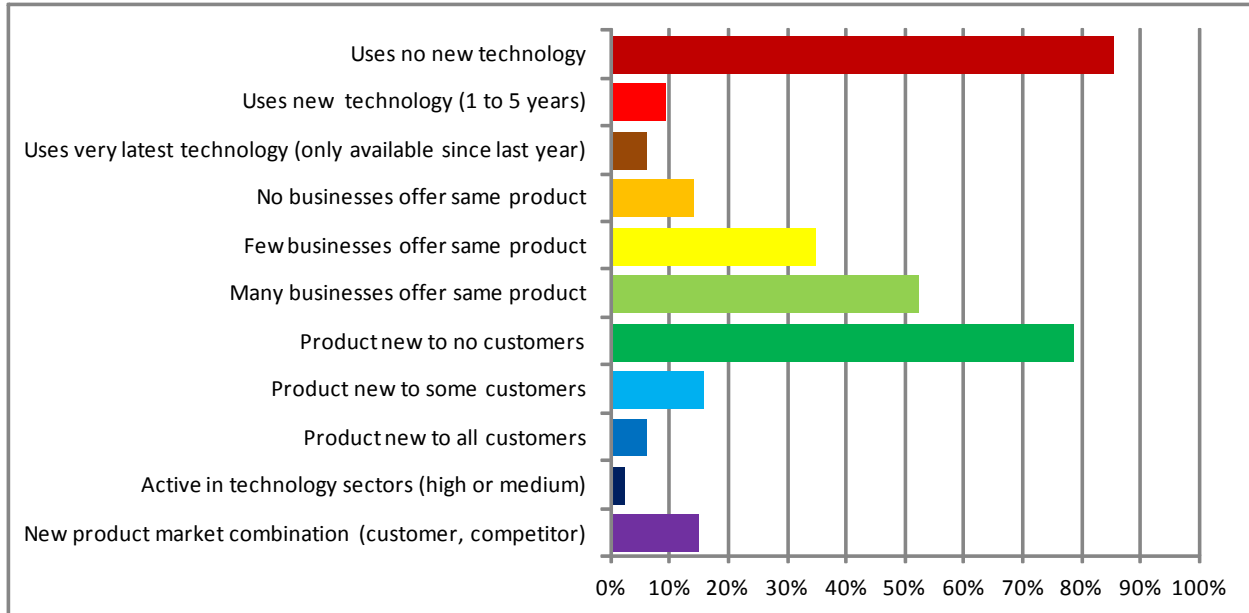
Figure 21 shows the main reasons for business discontinuance. In 2012 the main reason for business termination is ‘business not being profitable’. ‘Problems getting finance’ also emerged as an important reason for business discontinuation.

The main reasons for business discontinuance in Trinidad and Tobago should be investigated further by sector to understand whether there are any sectoral trends in profitability, availability of finance and business discontinuation.

Innovation

GEM attempts to assess not only the quantity of entrepreneurial activity in a country but also the quality of the business ventures. One indicator that can be used as a barometer for the quality of a business is the level of innovation within the enterprise. Figure 22 below shows that 85% of early-stage entrepreneurs in Trinidad and Tobago used no new technology, 78% reported that the product which they offered for sale was not new to any customers and 52% of individuals involved in TEA provided a product offering that were the same as many other businesses. Furthermore, Only 2% of nascent and baby businesses were involved in the high of medium technological sector.

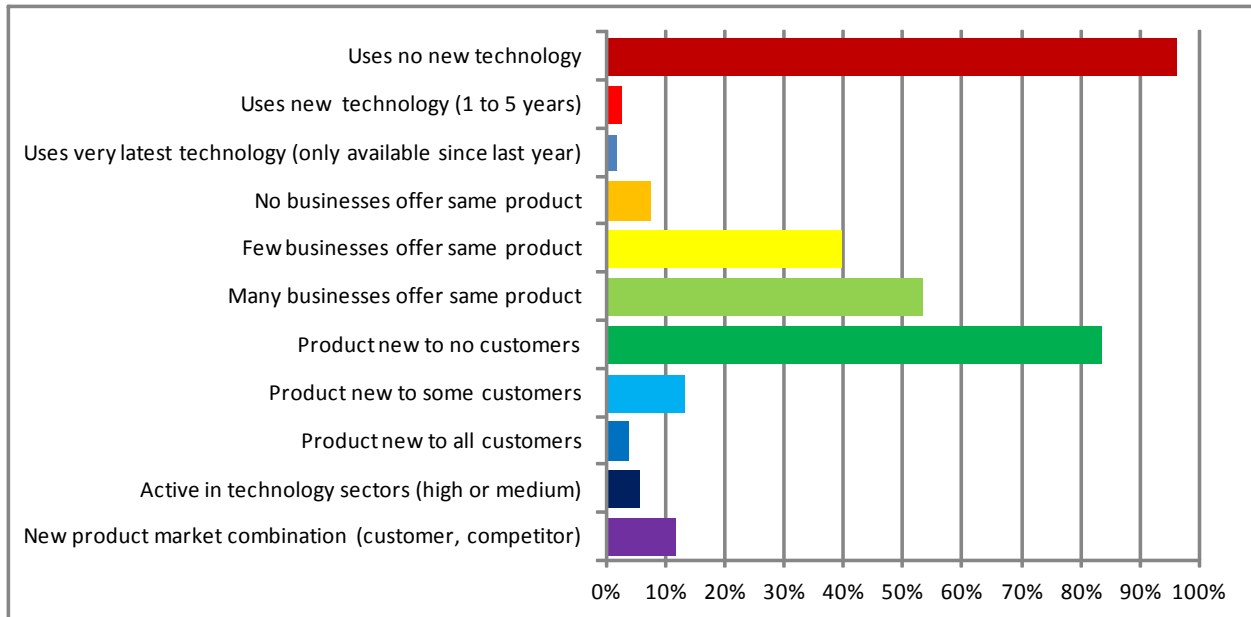
Figure 22: Innovation in Total Early-Stage Entrepreneurship Trinidad and Tobago 2012



The low level of innovation is not limited to early-stage entrepreneurs but is observed among established businesses as well. The results in Figure 23 show that 96% of respondents indicated that no new technology was used, with 83% reporting that their product was not new to any customers and 53% reporting that many businesses offer the same product. Only 5% of established businesses were involved in the high or medium technological sector. The striking similarity between the two groups suggests that the lack of innovation is widespread among businesses of different ages and types.

It is now widely recognized that Trinidad and Tobago needs to diversify its economy to reduce its dependence on the energy sector. Entrepreneurship is seen as having great potential in transforming the economy. The contribution of entrepreneurship to economic diversification will depend on the extent to which entrepreneurial firms are innovative, job-creating, have high growth potential and sell successfully in export markets.

Figure 23: Innovation for Established Businesses Trinidad and Tobago 2012



Entrepreneurial Aspirations

Figure 24: Current Job Creation for Early-Stage Entrepreneurial Activity 2012. (% of TEA Enterprises)

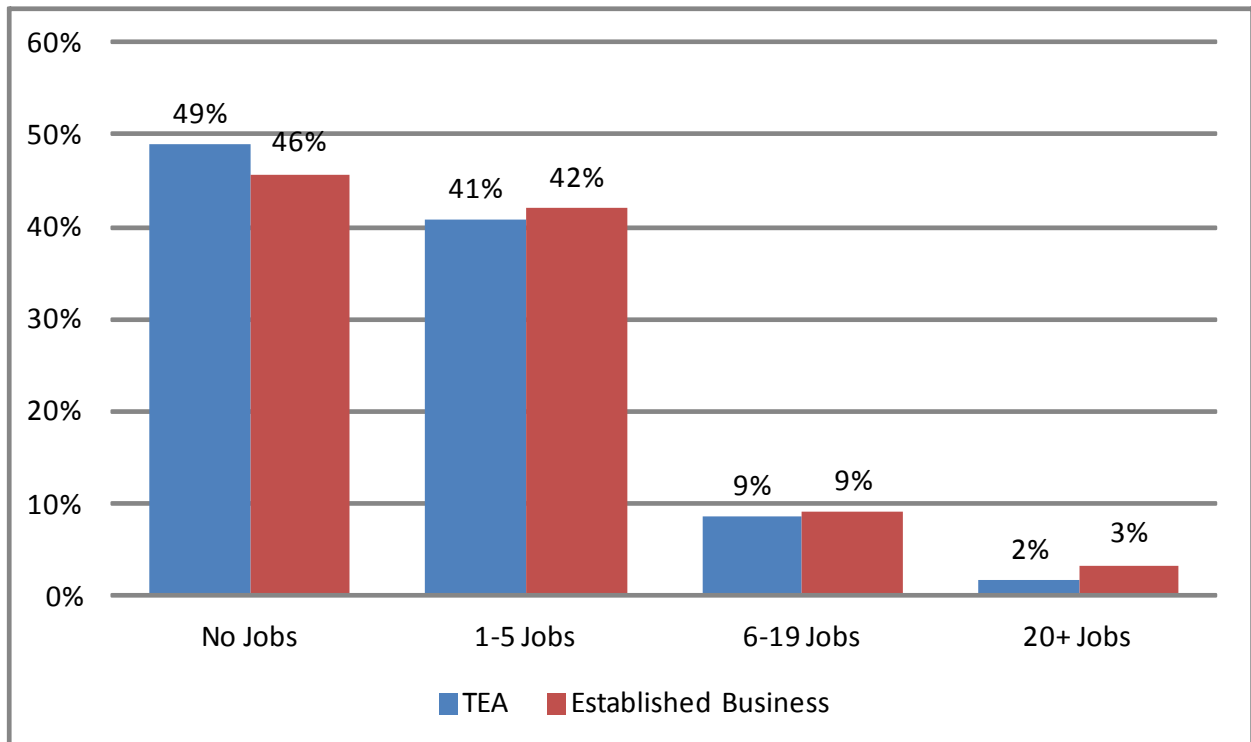
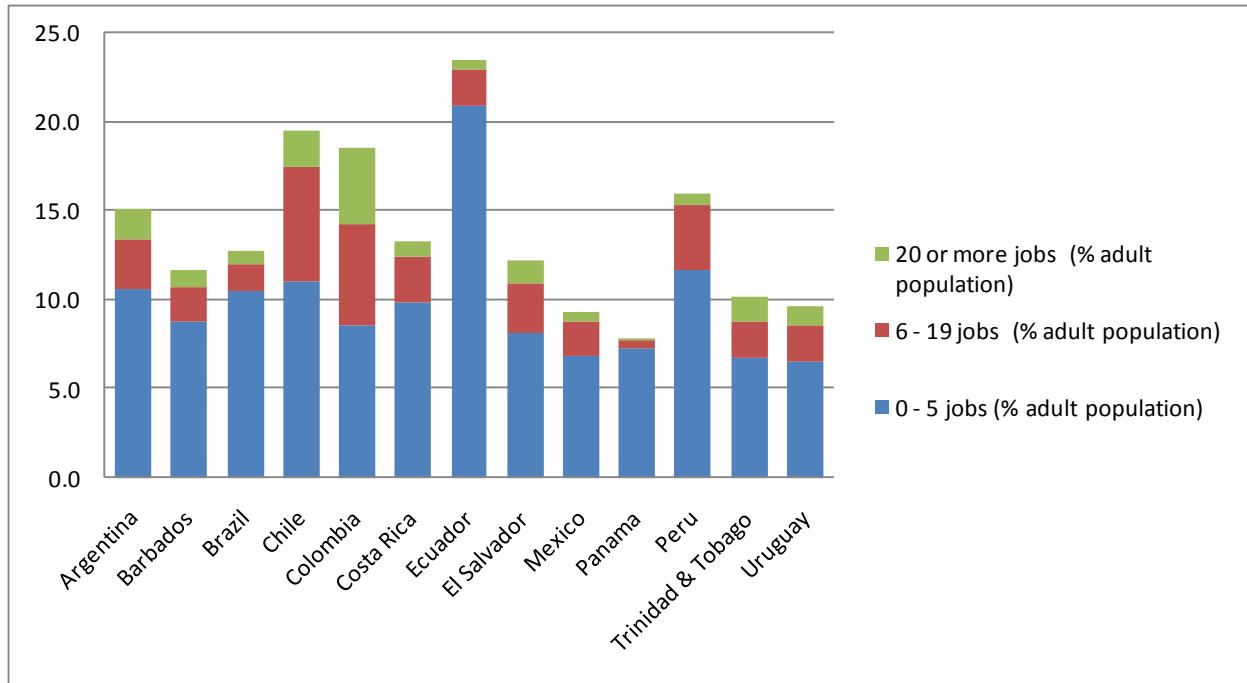


Figure 24 shows the number of jobs created by TEA firms and established businesses in Trinidad and Tobago. 49% of TEA businesses have not created any jobs and 41% of TEA business created 1-5 jobs. Job creation is linked to the type- and performance of a business. The factors driving the low levels of job creation by TEA businesses in Trinidad and Tobago should be investigated in future GEM studies.

Figure 25: Job Growth Expectation for Early-Stage Entrepreneurial Activity 2012 within 5 years. (% of TEA Enterprises)



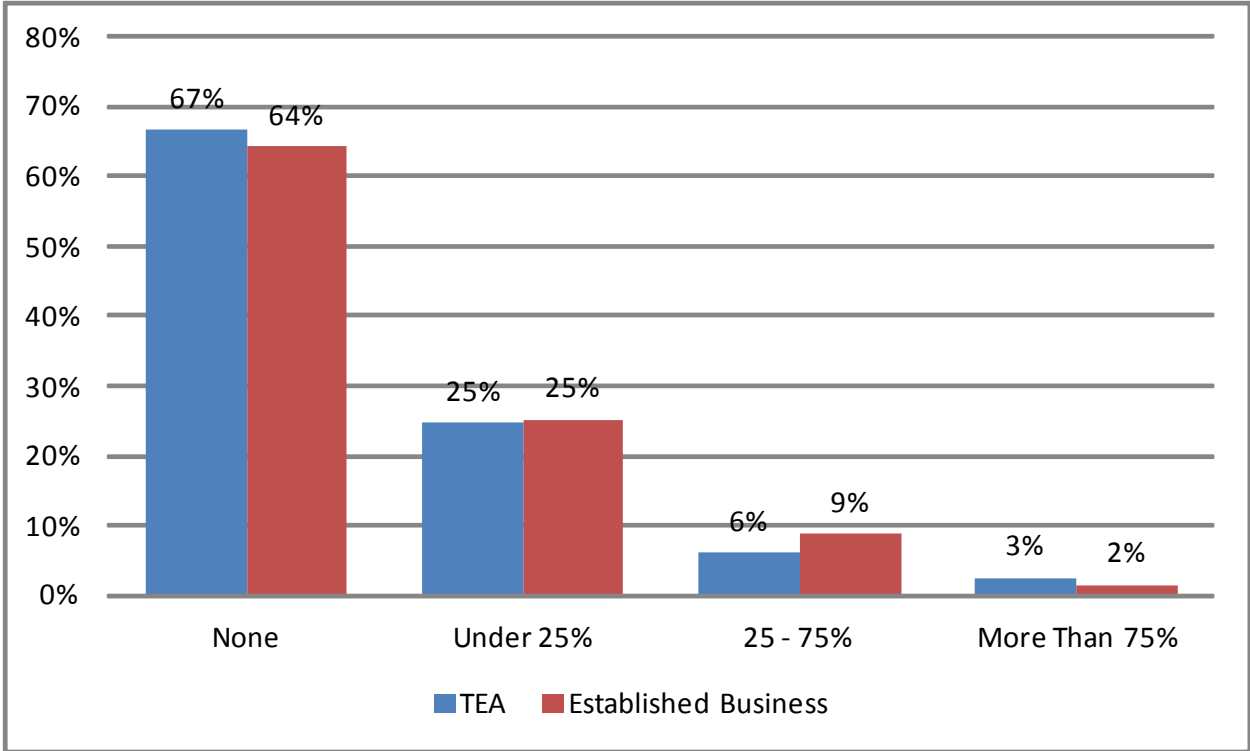
Along with the low levels of actual job creation, TEA businesses in Trinidad and Tobago also show low levels of job growth expectations when compared with the rest of the region (Figure 25). Further research should be undertaken in Trinidad and Tobago to investigate the differences between enterprises in the job creation bands of Figure 25. This insight can inform policy making to promote higher growth and higher job creation within entrepreneurial enterprises.

International Orientation

The international orientation of the entrepreneur is another indicator used by GEM to determine the nature of entrepreneurial aspirations within a country. This measure provides some insight into the ambition of the entrepreneur with regard to gaining an international presence for their products and brands. Figure 26 shows that early stage entrepreneurs in

Trinidad & Tobago do not explore international opportunities thus limiting the potential of their businesses to the domestic market. Both the TEA and established businesses have relatively low levels of international orientation. 67% of TEA and 64% of established businesses have no customers outside of Trinidad and Tobago. 25% of TEA and 25% of established businesses have less than 25% of their customer base outside of Trinidad and Tobago. 3% of TEA and 2% of established businesses have more than 75% of their customer base outside of Trinidad and Tobago.

Figure 26: Percentage of Entrepreneurs with International Orientation (% of customers outside of home country)



National Expert Survey

GEM assesses the state of the entrepreneurial framework conditions existing within a country through the use of the National Expert Survey (NES). This survey attempts to capture the expert opinion of individuals with over ten years experience working in nine social spheres:

- Finance: bankers, public managers of financial programs or subsidies, venture capitalists, business angels, entrepreneurs, and business people in general.
- Policy Makers: public officers involved in economics, taxation, and development agencies.
- Public Program Administrators: personnel in government programs, public agencies, business associations, development agencies, entrepreneurs and people to whom the programs are addressed.
- Education: Professors, lecturers, teachers (school, college, university, professional or vocational education), and other personnel involved in education.
- R&D Transfer: personnel in industry, innovation, development and growth, public or private agencies, scientific parks personnel, university researchers, engineers, some technological and scientific entrepreneurs.
- Commercial and business services: lawyers, accountants, advice, economists, market analysts, and survey vendors.
- Market openness: market analysts, some researchers at universities or business schools, business associations, commerce chambers, governmental agencies involved with the economy and development.
- Physical infrastructure: personnel from businesses and enterprises that provide utilities (water, phone, electricity), engineering, real estate, governmental agencies related to infrastructure, industrial parks, etc.
- Cultural and social norms: business associations, press, media in general, customers, providers, sociologists, entrepreneurs, foundations, researchers, and trade unions

A total of 45 experts were interviewed for the Trinidad and Tobago NES. In addition to providing an understanding of the entrepreneurial framework conditions, the NES facilitates the triangulation of the findings of the adult population survey. NES respondents are provided with a set of statements about the attitudes, perceptions, and aspirations of entrepreneurs that mirror questions asked of the general population in the Adult Population Survey (APS) and

asked to express the extent of their agreement on a Likert scale. This allows for a direct comparison of perceptions among the general public with the perceptions of experts. The following sections will include a more detailed examination of each of the conditions necessary to foster a healthy entrepreneurial environment.

Figure 27: Scores on Entrepreneurship Framework Conditions Rated by National Experts

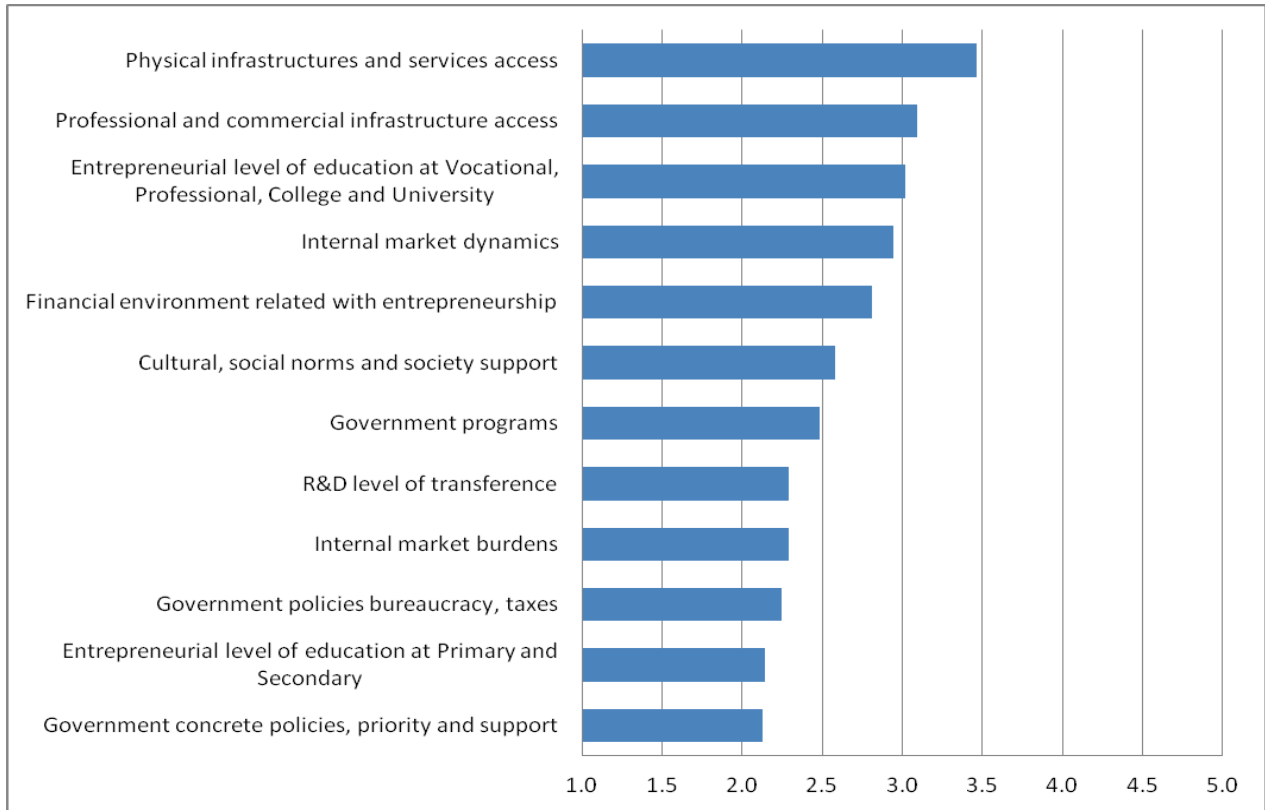


Figure 27 shows the factors in the entrepreneurial environment that altogether work to promote or impede entrepreneurship within a society. The above figure shows that accessibility to physical infrastructure and services, professional and commercial infrastructure, entrepreneurial education (vocational, professional and tertiary), internal market dynamics and financing score relatively high between 2.5- 3.5. However when it comes to other factors such as R&D level of transference, government bureaucracy, taxes and entrepreneurial education at the primary and secondary level, the score is below 2.5. These factors may need to be investigated to ascertain their current impact on entrepreneurship and to make changes or allowances in cases where they may not be promoting entrepreneurial spirit as they are capable of doing.

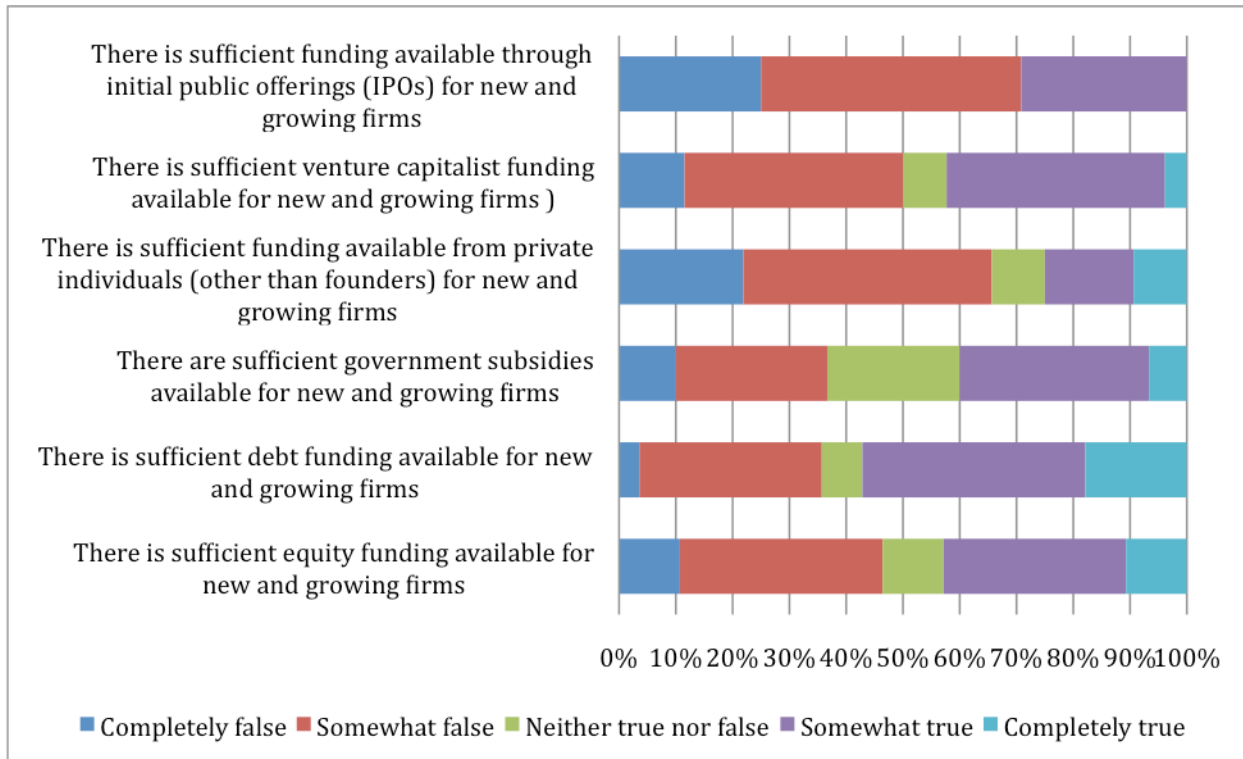
Finance

Finance is the life blood of any entrepreneurial venture. Lack of access to finance at startup can act as a major deterrent to starting new business or facilitating expansion and growth. This section is directed at understanding the ease with which funding can be accessed for startup as well as growth.

Figure 28 shows that 43% of the experts in Trinidad and Tobago indicated that there is sufficient equity funding and 57% of experts agreed that there was sufficient debt funding available for new and growing firms. In terms of the source of the funding, less than half (40%) of those experts believed that there were sufficient government subsidies available for new and growing firms and only 25% believed that funding was available from the private sector. Venture capitalism appears to be growing in popularity in the region with many of the Latin American and Caribbean countries setting up Youth Business Trusts to promote youth entrepreneurship. The plethora of venture capital firms has resolved the problems of availability and this is further supported by 40% of the respondents who found that there was sufficient venture capitalist funding available while only 29% indicated that sufficient IPO funding was available. However while the issue of availability has been resolved, some problems of accessibility may have arisen. In Figure 30, NES respondents reported that there is a gap between availability of- and access to- these programmes. These programmes are meant to provide financing and financial support for entrepreneurs as evidenced in the entrepreneurship environmental scan which is discussed after the NES findings.

Despite the perceived adequacy of debt and equity funding on the part of NES respondents , the APS data revealed that only 31% of TEA firms accessed funding from financial institutions (Figure 16). Personal and family savings are the main sources of funding for TEA firms in Trinidad and Tobago. This issue should be explored in future APS studies.

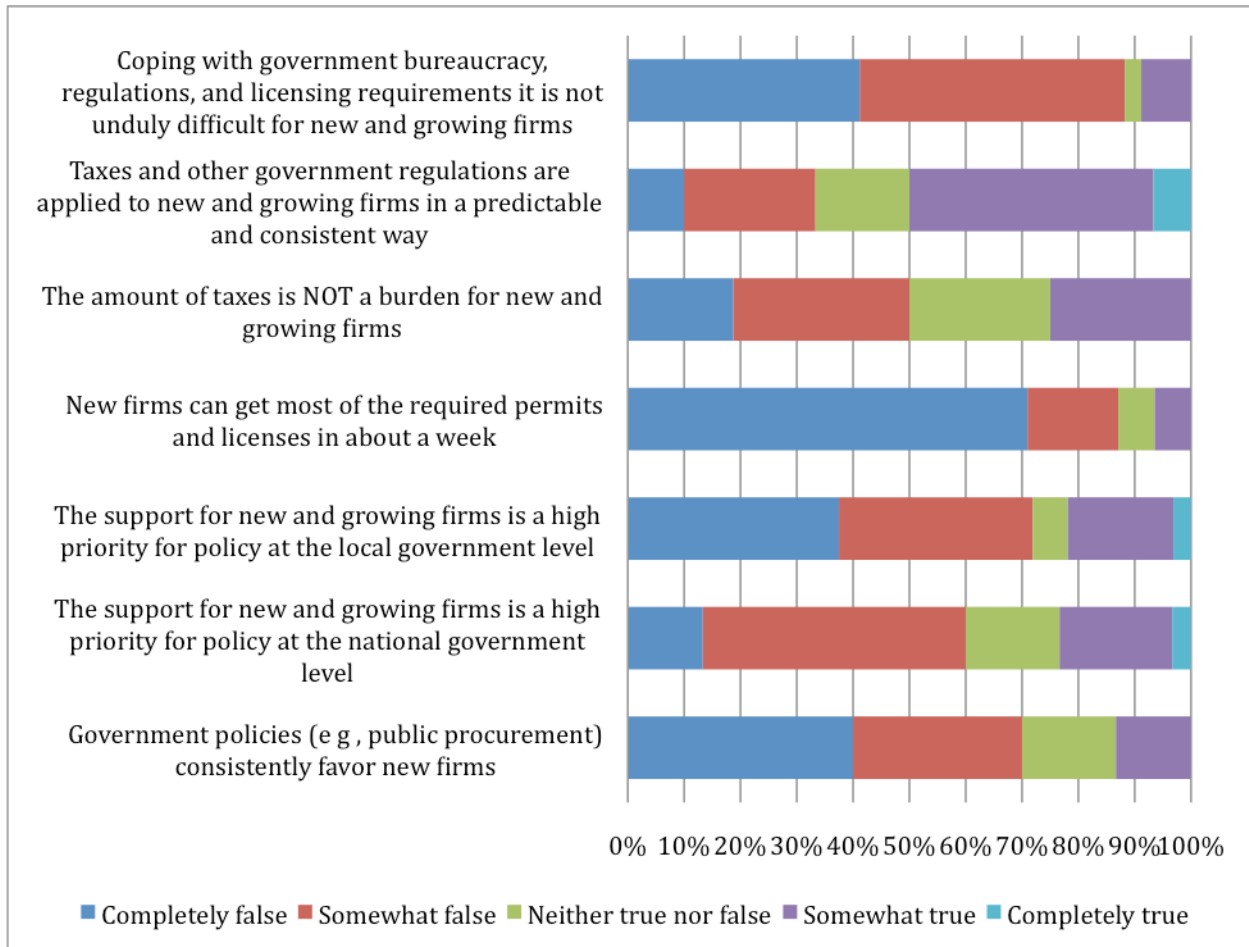
Figure 28: Perceptions of NES Respondents Concerning Finance



Government Policy

Government can directly influence entrepreneurial attitudes and aspirations through its policies. The measures that are put in place help enhance the entrepreneurial environment through the provision of incentives to start new businesses and facilitate growth. As seen in Figure 29, there is a widespread perception among experts (70%) that policy creation generally does not favor new and growing firms and these firms are not seen as a priority during that process at both general (60%) and local government (72%) levels. There is also the commonly held view among the NES respondents that new and growing firms are faced with high levels of bureaucracy, regulatory requirements (88%) and a heavy tax burden (50%) which are seen as challenges to starting and growing a business.

Figure 29: Perceptions of NES Respondents Concerning Policy



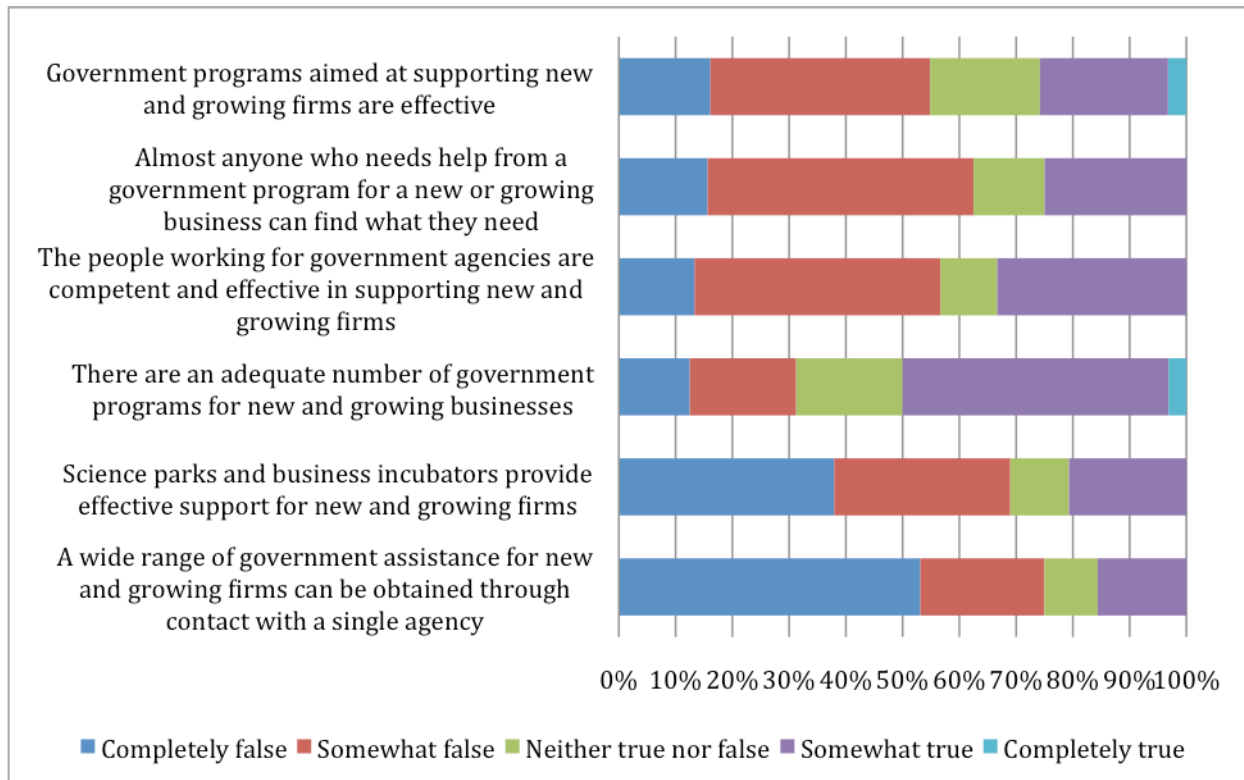
Government Programmes

Government programs complement policy initiatives with regard to fostering the entrepreneurial spirit in the country. High availability and easy access to these programmes can equip budding entrepreneurs with the necessary tools to start and grow their business. It is important to have effective government programmes to provide support for these entrepreneurs throughout the evolution of their business. These programmes may take many forms but many of them are usually geared towards filling knowledge and skill gaps that may exist among entrepreneurs as well as providing incubation support.

Figure 30 shows that there appears to be a gap between the availability of- and access to these programmes. While 50% of the experts perceived that there were an adequate number of government programmes for new and growing businesses only 25% of experts were of the opinion that almost anyone who needed help from a government program can find what they

need. Although programmes appear to be fairly widely available, 26% of the experts believed that they were effective. The NES opinions displayed in Figure 30 suggest that opportunities to promote the growth of entrepreneurial firms may exist in the development of science parks and business incubators and business incubators.

Figure 30: Perceptions of NES Respondents Concerning Government Programmes

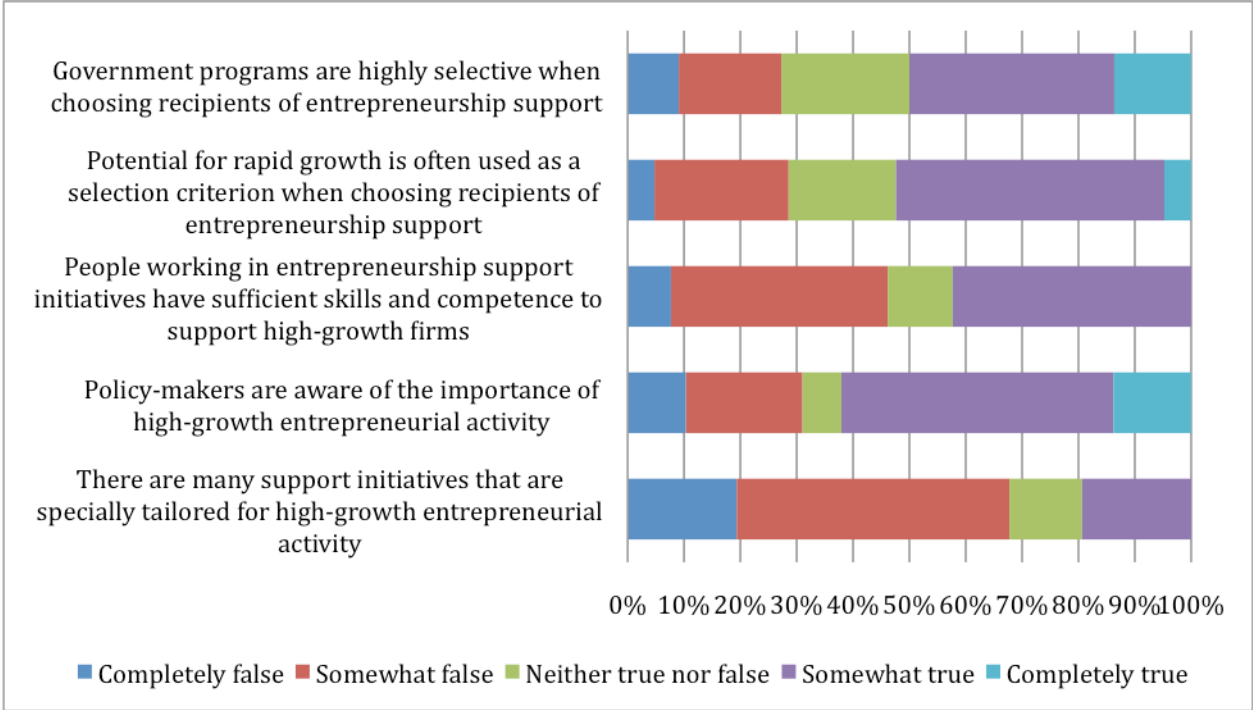


High Growth Enterprises and Support for Such Enterprises

Having a high level of entrepreneurial activity within a country is not itself sufficient to generate economic growth. Also important is the nature of the entrepreneurial enterprises. Businesses started with little prospect for growth provide very little to no employment and may not make a meaningful contribution to the gross domestic product. It is therefore important that government support provided through policy and programs mentioned above be tailored to increase the proliferation of high growth enterprises.

In Figure 31, 68% of the experts reported an absence of support initiatives that are specially tailored for high-growth entrepreneurial activity and 62% of the respondents believed that policy-makers are aware of the importance of such high growth activity. These results suggest that there may be opportunities for the Government to help develop high growth enterprises. However, 50% of the experts perceived government programmes to be highly selective when choosing recipients for entrepreneurship support. The potential for rapid growth was considered by 52% of the experts to be used quite often as a selection criterion when choosing recipients.

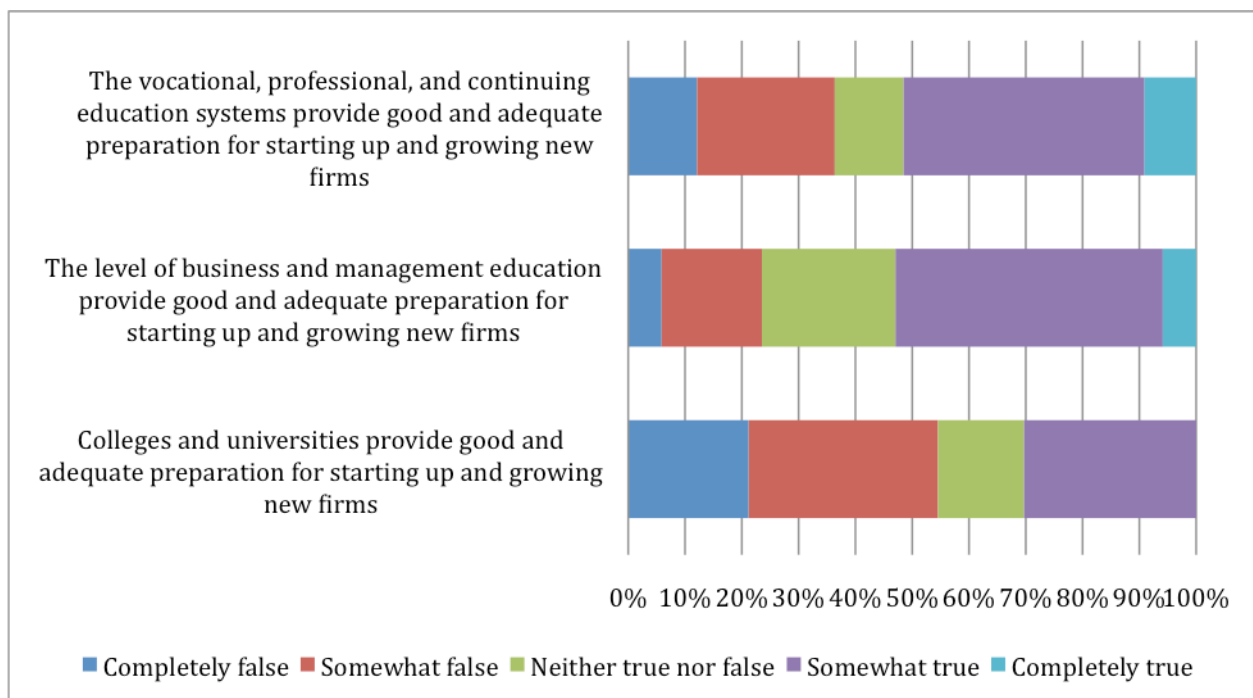
Figure 31: NES Respondents’ Perceptions Regarding Support for Entrepreneurs



Education and Training

The need for government programmes may stem in part from a lack of sufficient education and training within the formal education system. Having the necessary knowledge and skills prior to starting a business venture could reduce the reliance on government programmes to provide this information later on. Therefore, experts were asked to provide their views on the effectiveness of entrepreneurship education and training programs for students at the primary, secondary and tertiary levels as well as the systems in place for vocational, professional and continuing education. The responses are presented in Figure 32.

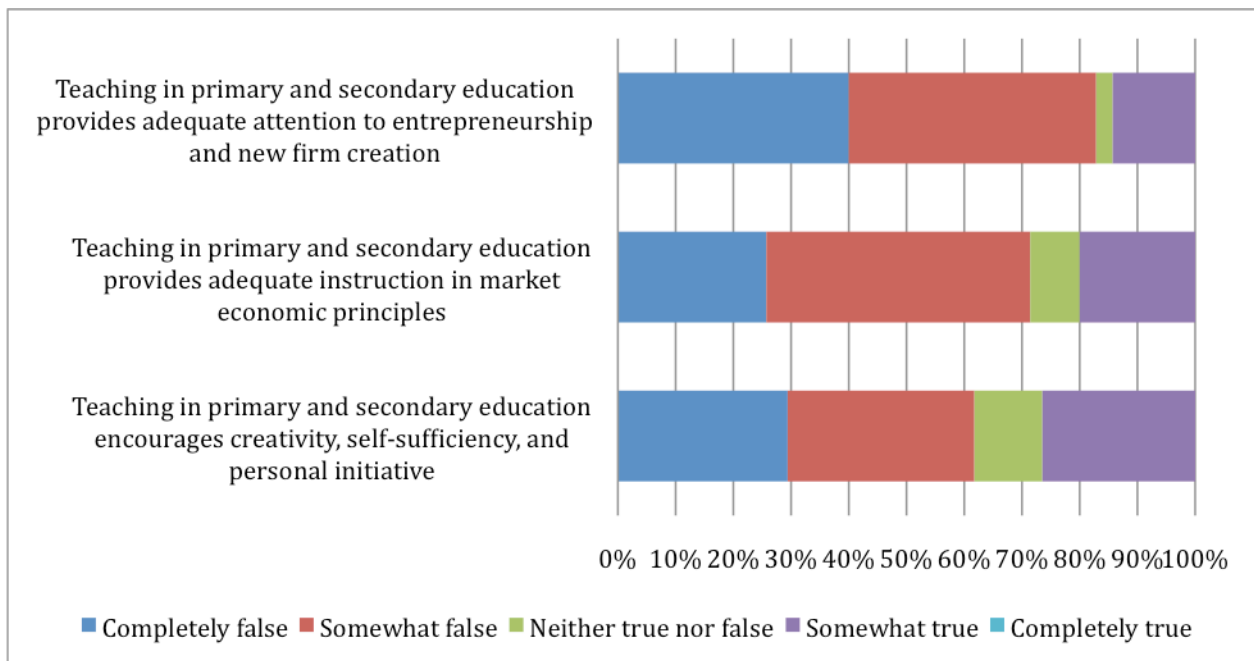
Figure 32: NES Respondents' Perceptions Regarding Tertiary and Vocational Education



Despite the plethora of tertiary education institutions in the country, Figure 32 shows that there is still the perception among 54% of experts that the tertiary education system needs to be overhauled and greater emphasis should be placed on the preparation of individuals to become entrepreneurs and not just employees. The view is further supported by Wang (2013) where education in should be a synthesis of academia and practical application. That being said it should be noted that the management training provided by these institutions is generally considered adequate by 53% of the experts and 52% of experts were also in favor of the quality of vocational, professional and continuing education systems.

The findings displayed in Figure 33 suggest that the core deficiencies in the education system are rooted in the primary and secondary education levels. An overwhelming 83% of the experts surveyed indicated that teaching in the primary and secondary education did not provide adequate attention to entrepreneurship and new firm creation. Furthermore 72% of the NES respondents perceived that there was a lack of adequate instruction in basic business principles and 61% felt that the education had failed to encourage creativity, self sufficiency and personal initiative among students at the primary and secondary level. There may be opportunities to raise the level of entrepreneurial intent and quality by developing strong programmes at the primary and secondary levels.

Figure 33: NES Perceptions Regarding Primary and Secondary Education

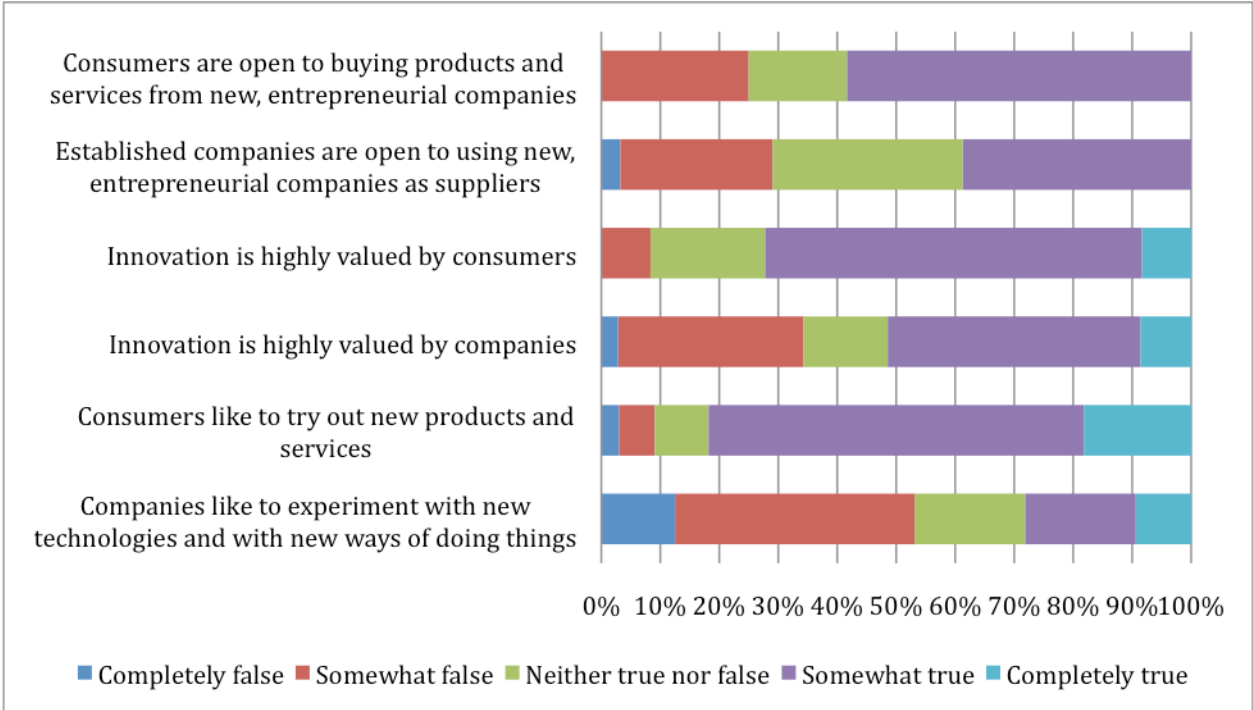


Interest in Innovation/ Research and Development Transfer

Entrepreneurs are able to take advantage of existing market opportunities in both established and/or emerging (niche) markets or create entirely new markets through their ability to find creative solutions to problems. Research and development plays a critical role in the innovative process particularly as it either encourages new product development or refines existing processes and products. It is therefore important that the necessary institutional support is in place to encourage radical innovation (new product development) and continuous innovation (refining of existing products and processes).

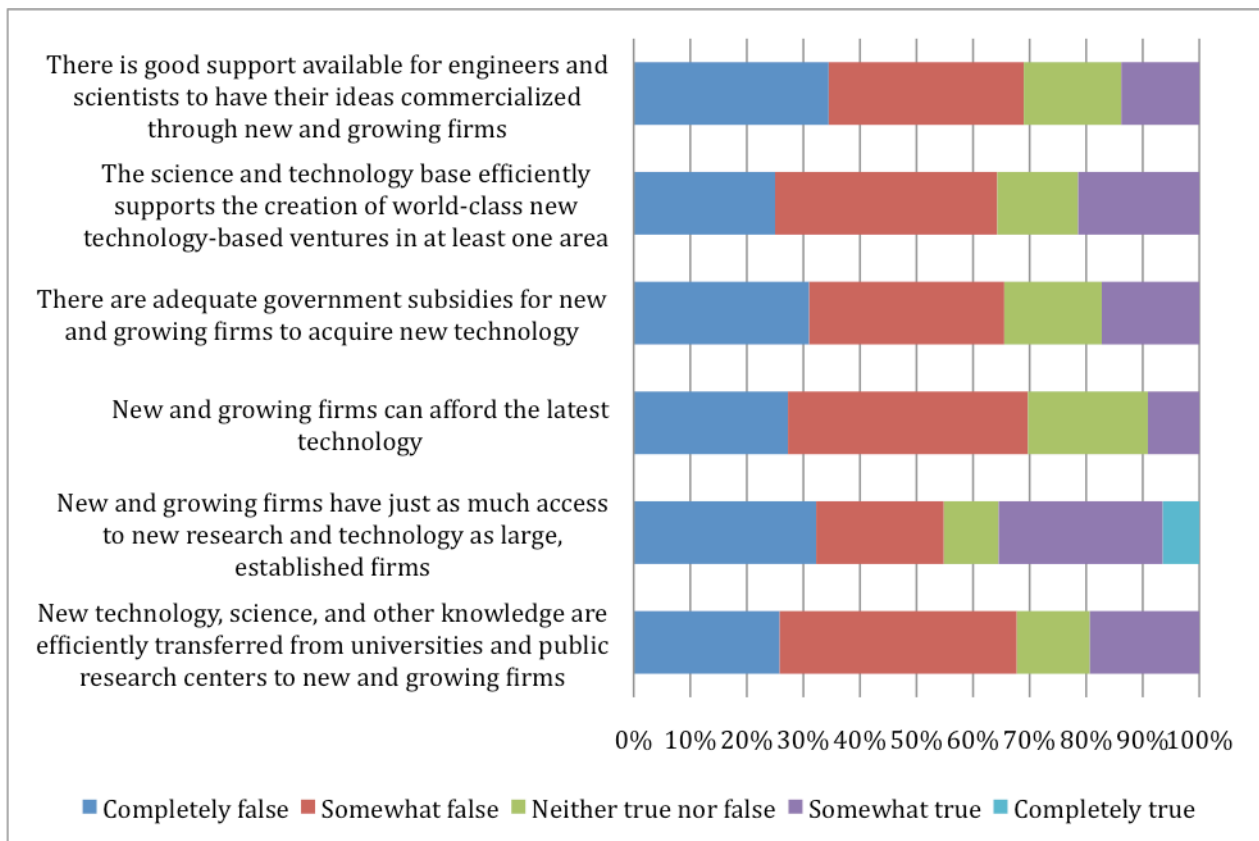
Figure 34 shows that the NES respondents reported that both consumers (72%) and companies (51%) place a high value on innovation. However, despite that appreciation for innovation, 68% of the experts are of the opinion that companies are reluctant to experiment with new technologies and with new ways of doing things. This mirrors the low levels of innovation reported in the APS (Figures 22 and 23). This is a fundamental problem that hinders innovation. NES respondents reported that consumers are very receptive to trying new products and services (82%) particularly from new entrepreneurial companies (58%). This points to some possible opportunities to improve entrepreneurial outcomes through measures to encourage and facilitate innovation.

Figure 34: Perceptions of NES Respondents Concerning Interest in Innovation



In Trinidad & Tobago 68% of the NES respondents indicated that the transfer of technology, science and other knowledge to new and growing firms was not conducted in an efficient manner. This may stem from the observations of the NES respondents in Figure 35 that the science and technology base is not considered as efficiently supporting the creation of world-class new technology-based ventures in at least one area (64%). NES respondents also perceived a need for greater support for engineers and scientists to have their ideas commercialized through new and growing firms (69%). New technology often has to be sourced from abroad which increases the cost in many cases. The majority of experts felt that the cost of the latest technology was out of the reach of new and growing firms (70%) and that government subsidies could aid new and growing firms with acquisition of the latest technology (66%).

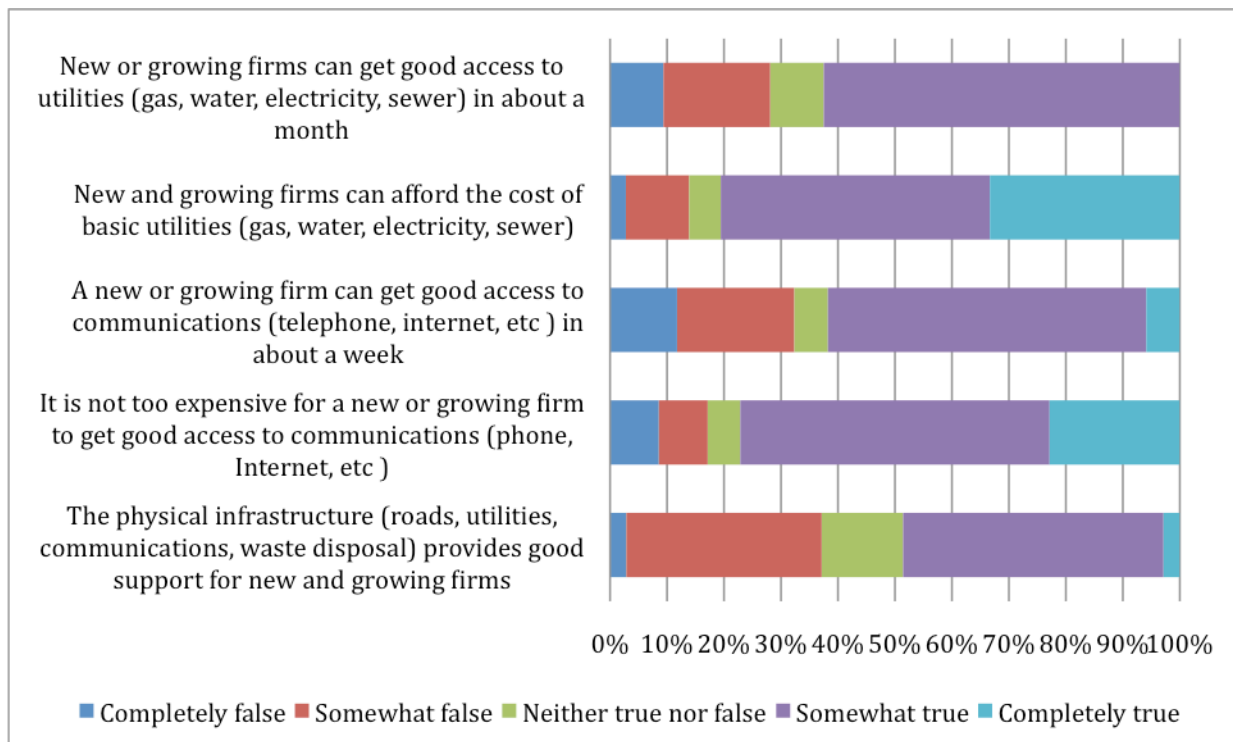
Figure 35: Perceptions of NES Respondents Concerning R&D Transfer



Physical, Commercial & Services Infrastructure

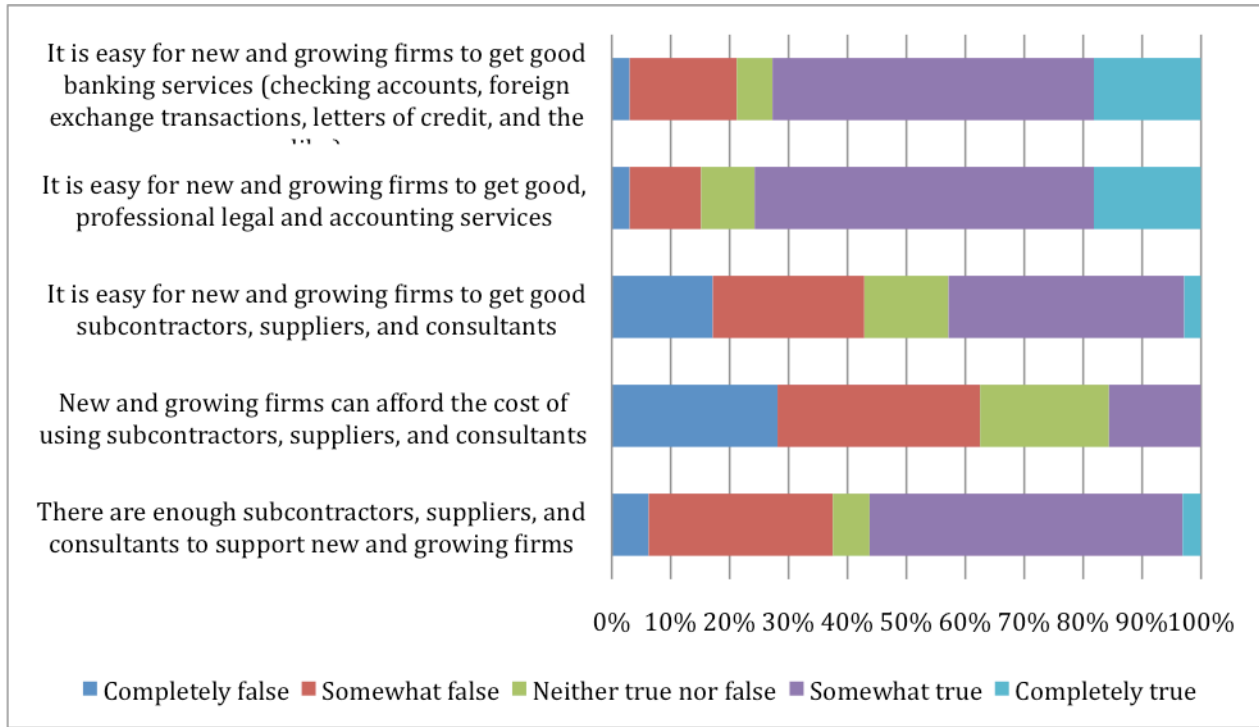
The physical and commercial/services infrastructure are two external factors to a business that could significantly affect the ease of starting and operating a business within a country. Trinidad & Tobago being one of the wealthier nations in the Caribbean due to its natural resources generally has good quality physical infrastructure to facilitate new and growing firms. As seen in Figure 36, the majority of experts agreed that new and growing firms had easy access to transportation communication and utilities at an affordable cost.

Figure 36: Perceptions of NES Respondents Concerning Physical Infrastructure



Apart from the physical infrastructure which is usually provided by the Government the commercial/business services sector is also thriving. As the business community grows in number and sophistication so too does the demand for these services which are in most cases provided by the private sector. There appears to be no shortage of subcontractors, suppliers and consultants to assist new and growing firms however in Figure 37, 63% of experts felt that the cost of accessing these services was beyond the reach of these new and growing firms. There was also some difference in opinion on the ease with which these services can be accessed by new and growing firms with 43% saying that it was difficult while 43% found it to be easy. Banking, professional legal and accounting services were found to be easily available and accessible.

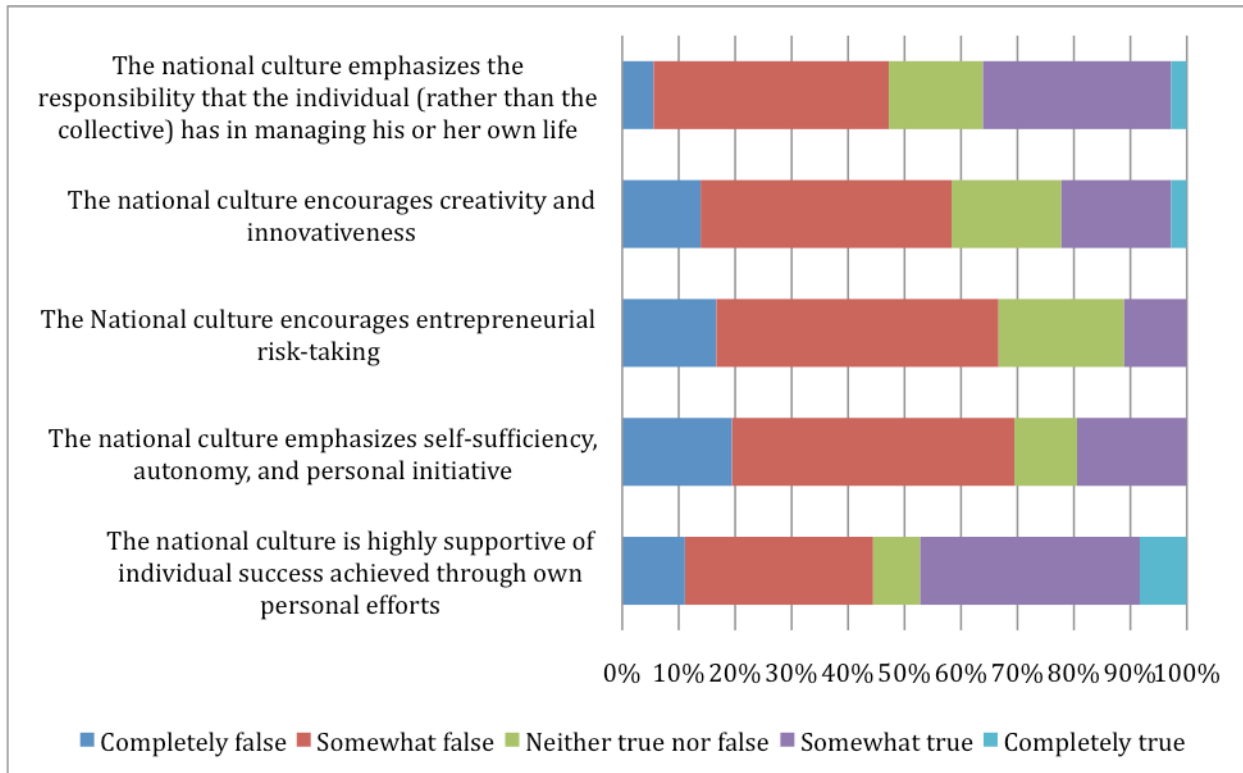
Figure 37: Perceptions of NES Respondents Concerning Commercial Infrastructure



Cultural and Social Norms/ Motivation and Entrepreneurship as a Career Choice

The extent to which society values success gained through individual effort and entrepreneurial risk-taking is of particular importance because this determines the level of social incentive there is to engage in entrepreneurial activity. As seen in Figure 38, only 19% of experts believe that in Trinidad & Tobago the national culture supports self-sufficiency, autonomy and personal initiative. Additionally only 11% of experts perceived that the national culture encourages entrepreneurial risk taking and 22% indicated that the national culture encourages creativity and innovation. The results therefore portray a national culture valuing collectivism over individualism; risk-aversion; established traditions and customs over innovation and creativity which is not conducive to a ‘healthy’ entrepreneurial environment.

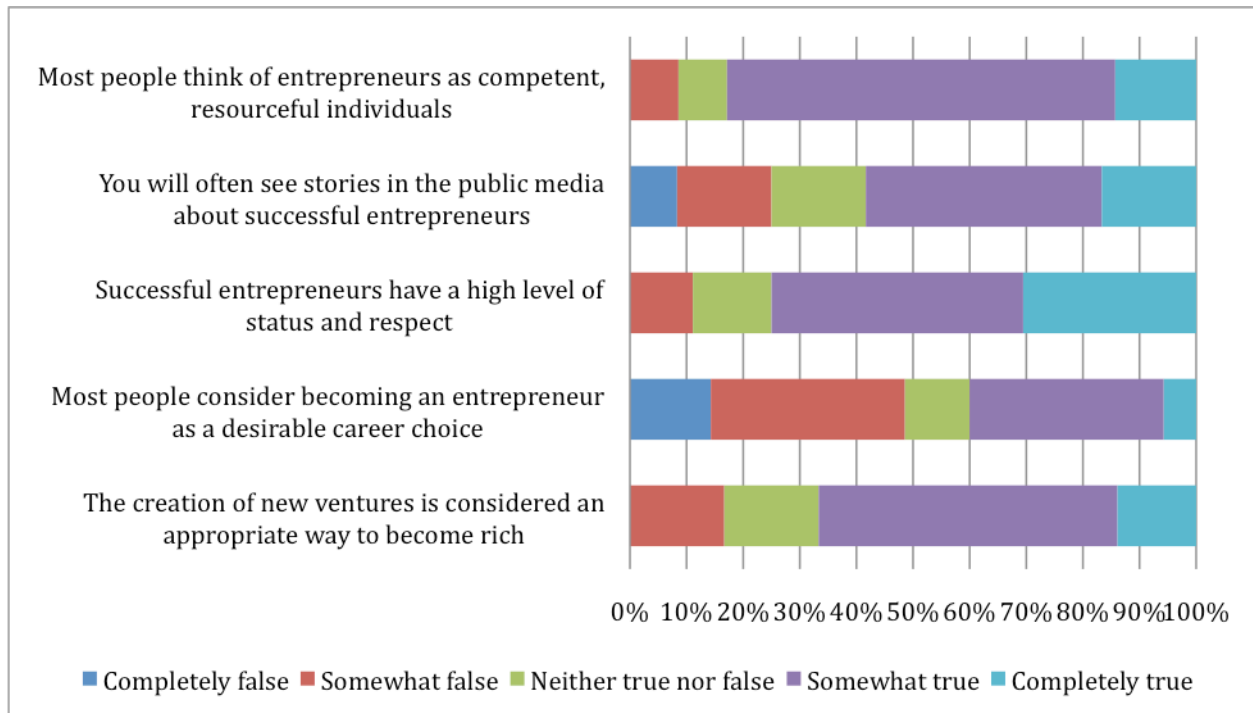
Figure 38: Perceptions of NES Respondents Concerning Cultural and Social Norms



While the NES respondents believe that the national culture does not encourage entrepreneurial risk taking or individualistic behavior there are several individuals who are still able to break the mold and become successful. The ways in which these individuals are portrayed in the media and viewed by the rest of society influences their ability to persuade more people to become entrepreneurs. The role of this group is crucial to the culture change that is necessary for high growth entrepreneurial activity to develop. 67% of experts see new ventures as an appropriate way to become rich and 75% of them consider successful entrepreneurs to have a high level of status and respect. There is also the general perception among 83% of the experts that most people think of entrepreneurs as competent and resourceful individuals. These results suggest that successful entrepreneurs are highly regarded in society for their tenacity and financial accomplishment. 40% of experts were of the belief that most people consider becoming an entrepreneur as a desirable career choice (Figure 39). This contrasts with the APS findings showing that 78% of the APS respondents saw entrepreneurship as a good career choice, and 76% of the APS respondents attached high status to successful entrepreneurs (placing Trinidad and Tobago in the 12th and 21st highest positions worldwide on these measures). On the other hand, the NES findings are consistent with the APS findings concerning entrepreneurial intent where despite the favourable image of

entrepreneurs and entrepreneurship on the part of APS respondents, only 37% reported a desire to actually become an entrepreneur, placing Trinidad and Tobago in the mid range for Latin America and 15th highest in terms of entrepreneurial intent.

Figure 39: NES Respondents' Perceptions Regarding Entrepreneurship as a Career Choice.

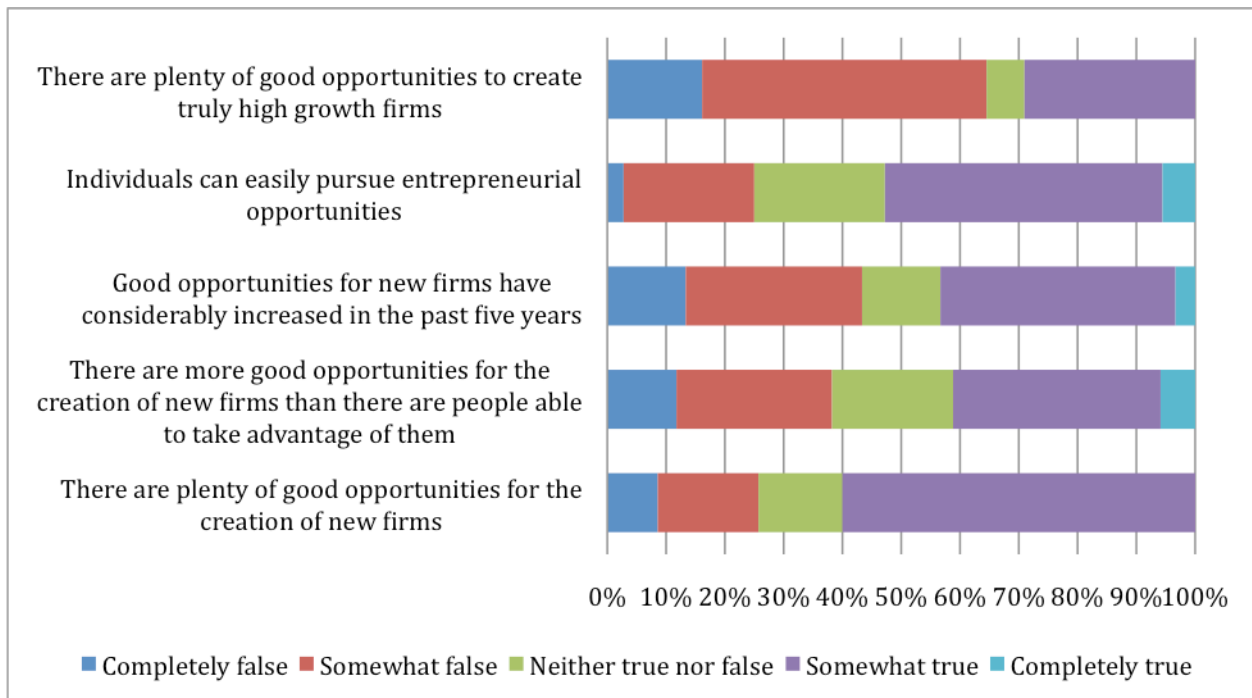


Entrepreneurial Opportunities in the Economy

In order for entrepreneurial activity to flourish, entrepreneurial opportunities must first be perceived to exist. Therefore it is necessary to investigate the existence of market opportunities for the creation of new firms and high growth firms, the ease with which individuals can pursue perceived entrepreneurial opportunities, and the increase or growth in opportunities for new business ventures over the preceding five year period. Edelman and Yli-Renko (2010) suggests that entrepreneurial opportunities are driven by perception and not necessarily resource availability. This contradicts the view in the Newsday Newspaper (Trinidad and Tobago), (22 August 2013) where the author stated “ Those wishing to start small businesses today face many challenges in terms of meeting an enabling environment for start-up. The most common challenge is a lack of access to capital and funding sources.” The latter argument proposed about lack of access to capital and funding sources hindering entrepreneurial opportunities, lends itself to the NES respondents statement that there is a gap between availability of financing and accessibility.

Figure 40 shows the optimism among the experts who indicated that there were many good opportunities for the creation of new firms. This optimism was also seen in the APS data. However in the NES, this optimism was not extended to the creation of truly high growth firms in which case 65% of experts expressed a lack of good opportunities. A little over half of the experts (53%) perceived that individuals could easily take advantage of these opportunities. There was a polarized response to the growth in good opportunities for the creation of new firms in the last five years as 43% of experts felt that opportunities increased and 43% felt that this was not the case.

Figure 40: Perceptions of NES Respondents Concerning Opportunities.

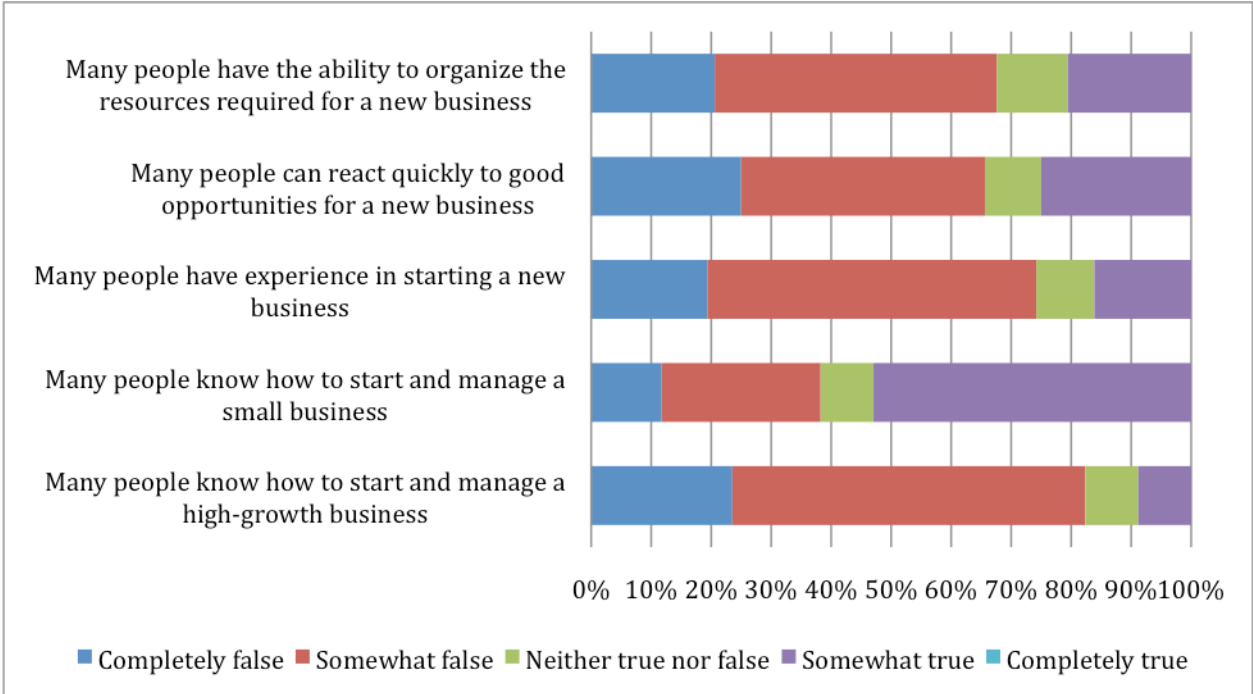


Entrepreneurial Abilities and Knowledge to Facilitate New Venture Start-ups

It is not enough for opportunities to exist in the economic environment but individuals must also be in a position to take advantage of these opportunities through the creation of commercial enterprises. However, to do so require a degree of ability and self confidence that is not possessed by everyone. The skills required are multidisciplinary and range from sales and finance to softer skills like good time management and self motivation.

Figure 41 reveals a possible shortage of skills necessary to develop high growth businesses in Trinidad and Tobago. 53% of the experts felt that many people knew how to start and manage a small business but only 9% of experts were of the impression that many people knew how to start and manage a high growth business which usually demands a higher skill level. The majority of experts also felt that there was a profound lack of experience among the general population to start a new business (74%) neither were many people in a position to react quickly to opportunities for a new business (66%). The economic role of the entrepreneur involves combining the factors of production into a productive unit which is essential to the growth of the economy. It is therefore a troubling statistic that 68% of experts were of the opinion that many people do not have the ability to organize the resources required for a new business. This contrasts the findings of the APS in which respondents saw themselves as well prepared with the knowledge and skills required to start and operate a new business.

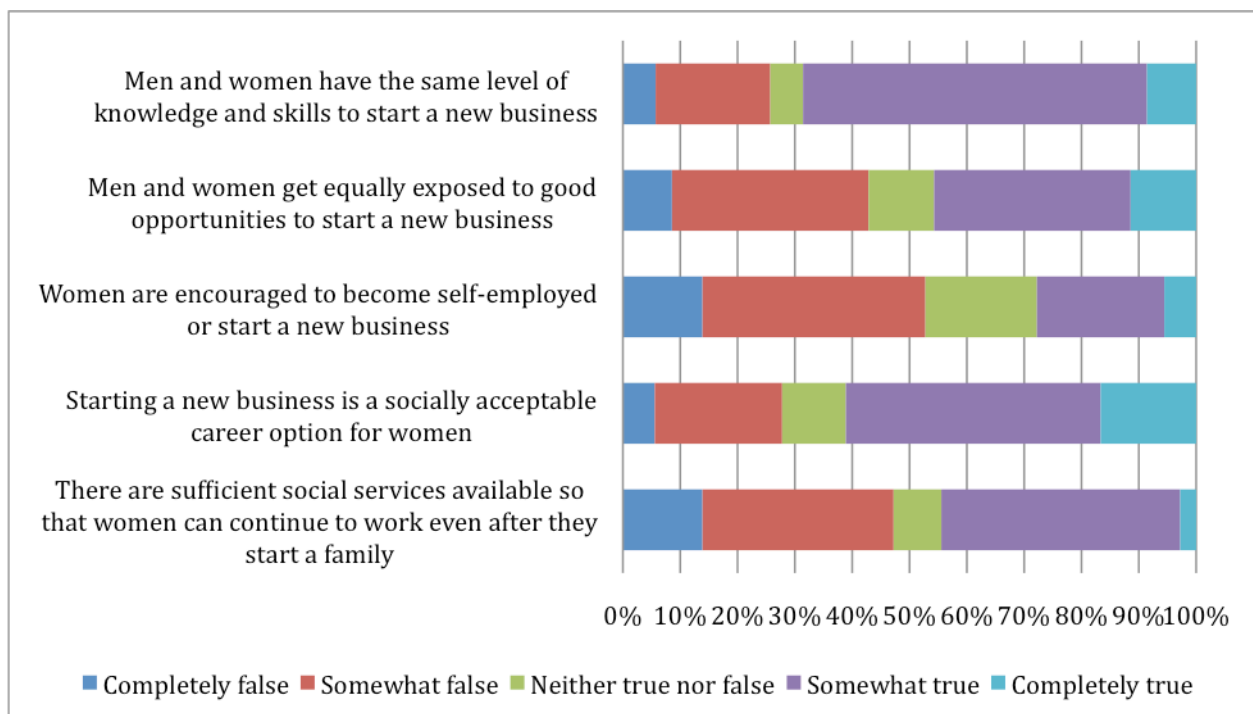
Figure 41: NES Respondents’ Perceptions Regarding Entrepreneurial Ability



Women Entrepreneurship and Support

Historically in Trinidad and Tobago women have been less active than men in entrepreneurial behavior. This trend has continued into 2012 when 15.5% of men and 11.8% of women in the APS reported being involved in Early Stage Entrepreneurial Activity. However over the past two decades women in Trinidad and Tobago have become more involved in starting and operating new businesses. In Figure 42, 61% of the experts agreed that starting a new business is a socially acceptable career option for women however only 28% were of experts perceived that women were encouraged to become self-employed or start a new business. Although 69% of experts are of the impression that men and women possess the same level of knowledge and skills to start a new business 43% indicated a level of inequality and 46% agreed that there was equality between the two groups regarding exposure to good opportunities to start a new business.

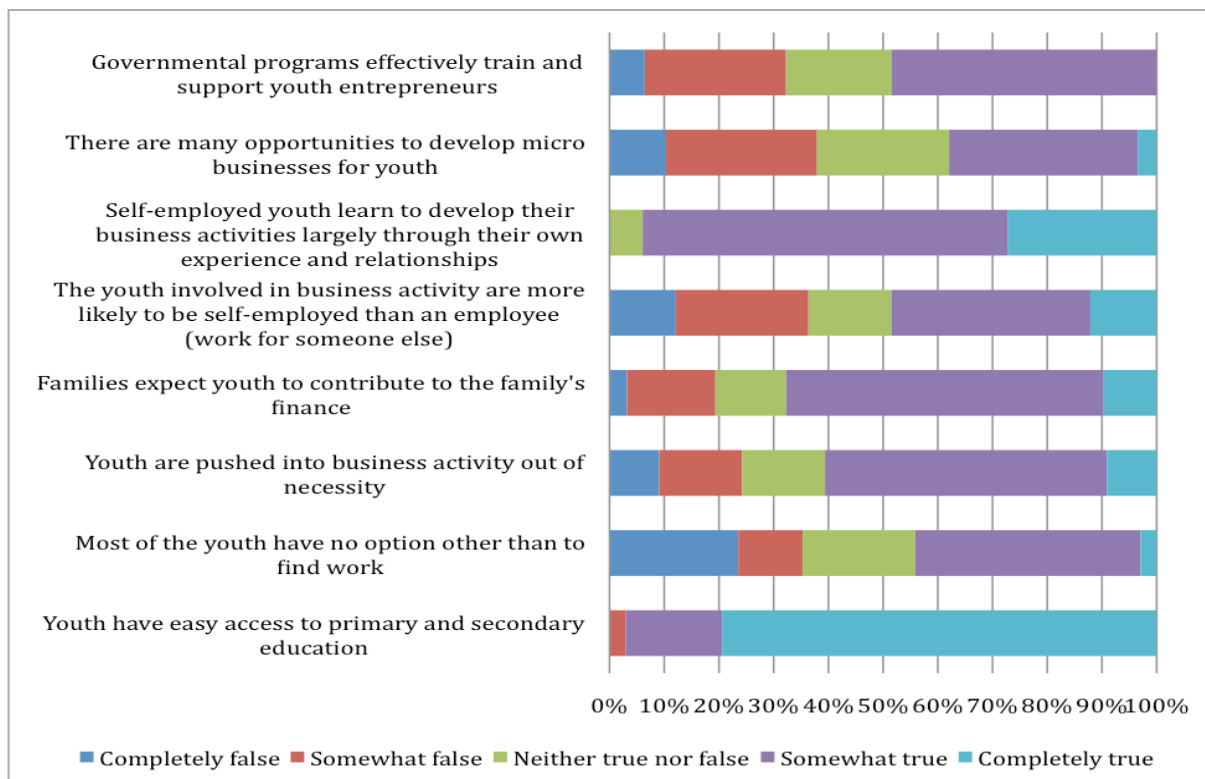
Figure 42: NES Respondents' Perceptions Concerning Gender



Youth/Young Adults and Entrepreneurship

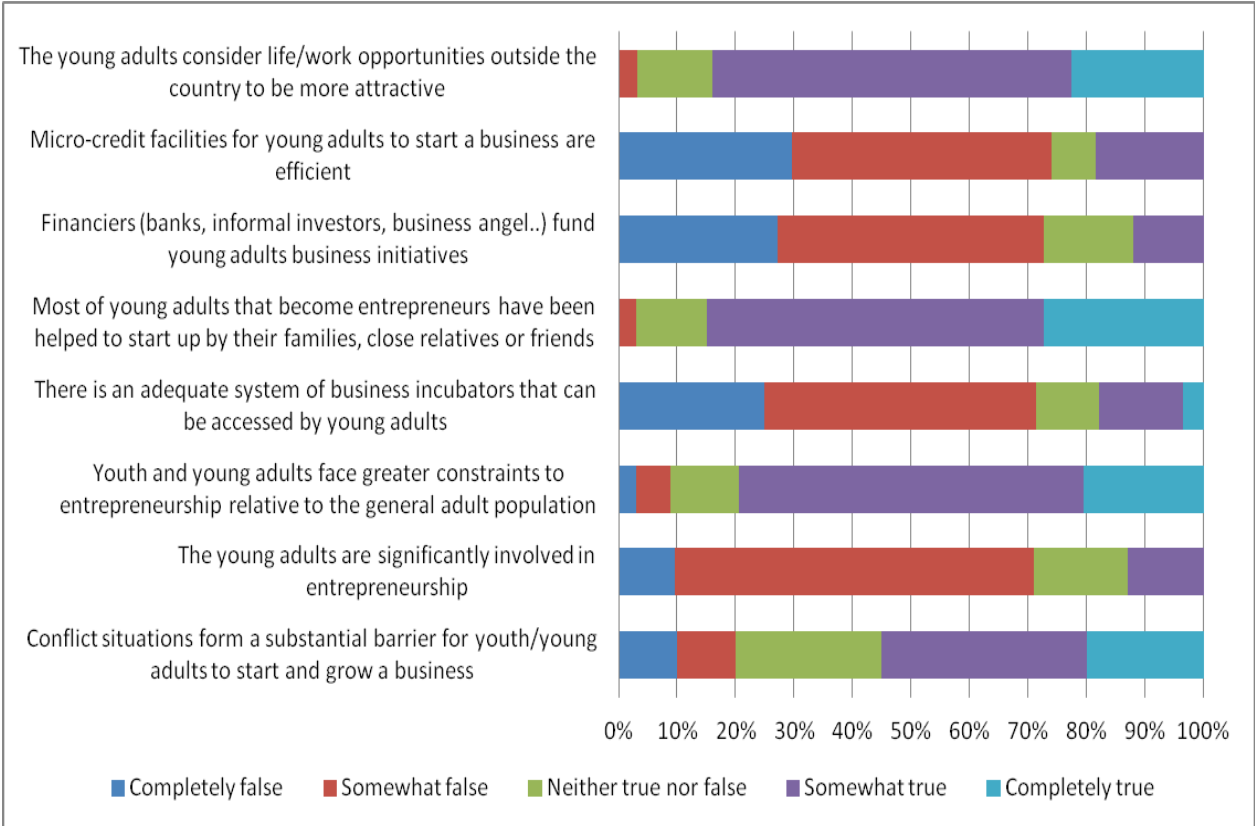
In 2012 GEM was interested in understanding some of the issues facing youth/young adult entrepreneurs. This segment of entrepreneurs is very important to the sustainability of entrepreneurship. The main motivation for youth entrepreneurship in Trinidad & Tobago as envisioned by 61% of the experts was out of necessity rather than through opportunity recognition. This is not consistent with responses of young entrepreneurs in the APS, where this group reported a high level of opportunity driven TEA. The majority of experts (68%) felt that this necessity was driven by the fact that families expected youth to contribute to the family's finance in some cases. Nearly all of the experts (94%) were of the belief that self-employed youth learn to develop their business activities largely through their own experience and relationships as compared to relying on family connections. The ability of these youths to start a new business is largely based on the opportunities that exist within the economy. Experts were divided on whether or not many opportunities for youth to develop micro businesses; 38% were in agreement while the other 38% found this to be false the remainder were undecided.

Figure 43: Perceptions of NES Respondents Concerning Youth (14-20)



According to Figure 44, 71% of the experts reported that the slightly older group aged 21-34 also known as young adults were not significantly involved in entrepreneurship. This contrasts with the APS findings in figure 18a and b which show that over 20% of adults aged 25-34 are involved in TEA and that almost one third of all TEA is in this age group. This perception among NES respondents could be linked to the perception of 79% of the experts that youth and young adults face additional constraints to entrepreneurship relative to the general adult population. 71% of the experts believe that the business incubator facilities available to young adults were inadequate. In fact 85% of the experts believed that most of young adults that become entrepreneurs have been helped to start up by their families, close relatives or friends and 73% indicated that financiers did not fund young adults' business initiatives. Financing appears to be particularly difficult to access by this group. 74% of the experts suggested that micro-credit facilities for young adults to start a business were not efficient and 84% of the experts thought that the young adults consider life/work opportunities outside the country to be more attractive making local entrepreneurship a less than an attractive option.

Figure 44: Perceptions of NES Respondents Concerning Young Adults (21-34)



The APS and NES provided the perceptions of members of the adult population and national experts. In addition to the APS and NES an extensive environmental scan was conducted in 2012/2013 to understand and evaluate the support and development mechanisms for

entrepreneurship in Trinidad and Tobago. The findings of the environment scan are discussed in the next section.

The Entrepreneurial Environment of Trinidad and Tobago

The Entrepreneurship Environmental Scan was conducted in order to identify the various policies and support measures that promote entrepreneurship in Trinidad and Tobago (T&T).

Questionnaires were sent out to Policy Officers at the Ministry of Labour and Small and Medium Enterprises, Enterprise Development Division, Education Officers at the Ministry of Education and Managers of various financial institutions. These persons collectively play an integral role in various facets of the entrepreneurship support framework within Trinidad and Tobago. The questions that were asked were grouped under the following categories:

- a) General entrepreneurship policy approach /commitment
- b) Prevalence of entrepreneurship promotion policy measures
- c) Prevalence of action to integrate entrepreneurship in the education system
- d) Prevalence of measures to ease the entry, growth and exit of firms; removing regulatory and administrative barriers.
- e) Prevalence of financing measures to improve access to examine barriers to entry and to start up, seed and early stage financing.
- f) Prevalence of barriers and support measures for start-up and early stage growth.
- g) Prevalence of actions in support of target groups.

In addition to the interviews conducted, several documents were reviewed including The Trinidad and Tobago Medium Term Policy Framework 2011-2014, The Republic of Trinidad and Tobago Budget 2012/2013, The Enabling Competitive Business Strategy document. This review was further supported by information gathered from companies' official websites and web documents.

The result of this investigation is an Entrepreneurship Environment Scan for Trinidad and Tobago that shows the existing entrepreneurship supporting framework for Small and Medium Enterprises.

The key findings of this scan are presented below under four broad headings; policy approach and commitment, education, financing and promotion.

Policy Approach and Commitment

The Government of The Republic of Trinidad and Tobago (T&T) has a thrust towards the development of entrepreneurship within T&T. This thrust has been articulated to the general public in the form of policies that address, financing and reducing the 'red-tape' that new and established firms face when engaging in business activity from start up towards expansion.

Although the Government has made significant inroads by declaring the importance of entrepreneurship within T&T by creating a facilitative framework for Small and Medium Enterprises to operate within, it is skewed. The emphasis on financial support and a 'user friendly' legal environment, but not enough emphasis has been placed on other support measures such as education, business mentorship, non-governmental financial support, various types of entrepreneurship innovation.

Education

Education in entrepreneurship is widely dispersed in the tertiary curricula in varying degrees across various specializations such as Health, Design and Law. However, most of the programmes lack the depth and scope to produce well informed entrepreneurs. There is some duplication of course modules (for example 3 tertiary institutions offer MBAs with specialization in entrepreneurship), and an absence of courses that go beyond the traditional topics such as the financing of an entrepreneurial venture or understanding the type of legal entity it is as defined by law.

At the secondary and primary level there are still opportunities to deepen the level of entrepreneurship education as evidenced by the findings of both the NES and the entrepreneurship environmental scan. However, strides have been made to fill this gap at the secondary level by the Caribbean Examination Council with the introduction of an examinable course module entitled "Entrepreneurship".

Financing and Financial Support Services

The Government of The Republic of Trinidad and Tobago has made significant investments to make seed funding widely available to budding entrepreneurs. This is mirrored on a smaller scale by the private sector, which has made financing more readily available for SMEs and their development. The availability of finance can be further enhanced by developing the administration and availability of seed funds for entrepreneurs. Currently most seed funding arrangements within T&T require the entrepreneur to have some type of collateral before funding can be granted and this arrangement has made the access to funding difficult particularly for different groups such as the youth and the disabled in society.

Promotion, Awareness and Support Services

The Entrepreneurial Environmental Scan revealed that the area of promotion, awareness and support services needs further development if the government is to attract entrepreneurs with high growth, innovative business ideas to the programmes available to these entrepreneurs. Currently marketing campaigns are carried out on a need to basis and have in the past not attracted the desired audience due to the mismatch between medium used to advertise and the intended target audience.

Recommendations

The GEM 2012 results revealed several key areas in which opportunities may be found to strengthen the entrepreneurial framework particularly in the areas of finance, education and promotion. The recommendations proposed in this section are based on the perceptions of the National Expert Survey Respondents (NES), Adult Population Survey (APS) and the Entrepreneurial Environmental Scan conducted.

Financing and Financial Support Services

1. The NES respondents indicated that there was an absence of support initiatives tailored for high growth entrepreneurial ventures that can have a large impact on economic growth. This view is supported by the findings of the entrepreneurial environmental scan, which revealed that support initiatives were focused on financing with some mentorship available within the business incubators, with no distinction between high growth- and non high growth- entrepreneurial ventures. Consideration could be given to establishing a separate pool of funding accessible to these high growth, innovative, high export potential entrepreneurial ventures.
2. Current lending practices focus to a large extent on the amount of collateral the prospective borrower possesses. However, consideration may be given to moving away from the collateral approach and the adoption of a cash flow based approach. Seed funding for entrepreneurial ventures should take into account two primary factors; (1) the profile (demographics) of the entrepreneur and (2) potential of the venture (discounted forecasted future cash flows) to determine the payback period and the level of risk associated with the investment. This will allow for seed funding to be made available to underserved markets in terms of the profile of the entrepreneur (e.g. differently-abled individuals) and also in some cases specialized funding arrangements for different types of ventures.
3. To broaden the sources of financing for high growth innovative startups, consideration can be given to giving a state institution the mandate to create, co-ordinate and manage a network angel investors that can network with national and international venture capitalists and philanthropists seeking to invest in high growth innovative entrepreneurial ventures within Trinidad and Tobago. This angel network is specific to high growth entrepreneurial ventures. Entrepreneurs with high growth innovative business ideas or existing businesses can be allowed the opportunity to pitch and sell their business ideas to a panel of angel investors who will determine whether they are interested in further developing the business idea for financing or not. This can aid in the reduction resource misuse in terms of personnel and entrepreneurs' time in the development of business proposals that will not be considered for financing. Other

entrepreneurial ventures have a plethora of funding agencies in which they can access business financing.

4. This state institution can also be responsible for sourcing, writing and administering grant proposals from donor agencies such as the Inter American Development Bank, (<http://www.iadb.org/en/topics/competitiveness-technology-and-innovation/area-of-action-entrepreneurship,6276.html>), to provide financing, and capacity building to high innovative entrepreneurial ventures as well as the frequently neglected social entrepreneurship projects.
5. Finally this state institution can also act as or be supported by a mediator to resolve financial disputes among small businesses. Mediation will enable small businesses to resolve conflicts without having to go through the sometimes lengthy and costly litigation process. If mediation is not successful and there is need for further legal action a special small claims court can be established to handle these specific matters. The small claims court is being proposed to serve the needs of small businesses; however it can serve the small litigation claims of the wider public as well.
6. The Entrepreneurial Environment Scan revealed that the marginal groups, women and the differently-abled did not have specialized micro financing schemes. These two groups face unique challenges, and therefore specialized programmes could be considered for these entrepreneurs:
 - **Women Entrepreneurs:** Entrepreneurship building organizations such as NEDCO can network with the United Nations Women World Bank (WWB), which aims to finance, educate and train women entrepreneurs. By becoming a part of the WWB consortium such organizations will have access to the resources offered by the WWB and can effectively make them available to women entrepreneurs. This will help in the area of readiness to become an entrepreneur and financing. The NES stated that they believe that entrepreneurs were not competent or ready to get into business, and also that the available programmes for entrepreneurs (finance, education, and training) were not adequate for new and growing businesses. Moreover it was stated that not all new and growing businesses could find what they need in the available programmes.

For example the WWB has implemented a “Caregiver Policy” also known as (Ri’aya) which is specific to women entrepreneurs and benefits those who are of child bearing age and/or are head of their households. Ri’aya is a special micro-health insurance product that provides cash benefit after hospitalization to help with costs associated with loss of business, medical expenses, transportation and household needs.

<http://www.womensworldbanking.org/product-innovation/insurance/>

- **Differently-Abled Entrepreneurs:** Further research needs to be conducted to determine the number of differently-abled persons within Trinidad and Tobago, the nature of their disabilities and their educational background and the extent to which this group is involved in entrepreneurship. This will give greater insight into this target group which will aid in the development of specific recommendations to encourage entrepreneurship among this group.

Education

1. One key finding of the environment scan is that the topic of entrepreneurship is generally taught with an emphasis on profit maximizing ventures, however there are other forms of entrepreneurial ventures such as cooperatives which are classified under the category of social entrepreneurship. ‘Entrepreneurship’ courses should be all inclusive and consider all the various types of entrepreneurial ventures from profit making to non-profit making ventures.
2. The entrepreneurial environmental scan revealed that entrepreneurship education was heavily concentrated at the tertiary and vocational education. Consideration could be given to the adoption of entrepreneurship education that is structured and integrated into the primary and secondary curricula. This should lead into a seamless transition into tertiary level entrepreneurial education.
3. Existing entrepreneurship courses were found to be heavily focused on preparing entrepreneurs in the financial management of their businesses, with little or no attention being given to ‘soft skills’. This is mirrored in findings of the NES, suggesting that opportunities for improvement may exist in the way in which entrepreneurship is addressed by the education system. Consideration could be given to broadening entrepreneurship education to include other skills such as leadership, marketing, human resource management, business strategy and other soft and hard skills needed to manage and grow businesses, in particular high growth businesses. This recommendation may bridge the perception gap between the NES and the APS about the capabilities of Trinidad and Tobago citizens to start and operate businesses. The high

confidence among APS respondents in this regard contrasted the opinions of the NES respondents.

4. The in-servicing of teachers regarding entrepreneurship at all levels of education (especially at the primary and secondary levels) can aid in promoting an entrepreneurial culture and encourage innovation and research and development transfer. The APS and NES concur about the perceived business opportunities within T&T, however attention could be given to developing successful businesses with novel, innovative ideas.
5. There is an opportunity for the Ministry of Education to develop a comprehensive entrepreneurial programme from primary to secondary education that teaches the fundamentals of entrepreneurship. This will increase the potential of young minds seeing becoming a business owner as a preferred career choice. Nurturing the entrepreneurial spirit at such a young age will tap into the child's creativity which may in turn lead to the establishment of more innovative businesses.

Promotion, Awareness and Support Services

The Government has reaffirmed its commitment towards Small and Medium Enterprise (SME) development with its policies; however these measures would be well served by raising awareness of the facilities available to the target population.

Collaboration with the private sector could allow Government to tap into private sector networks which allow for consolidation of duplicated/competing services for SMEs, allow for regulation of available services and increase the services for underserved markets in the SME sector such as women, young adults and the differently-abled.

The media can also play an important role in meeting these objectives because it can disseminate information about programs and different initiatives quickly and across a wide geographic spread. This allows the Government to receive feedback that gives them the ability to revise policies in order to meet the changing needs of entrepreneurs. Additionally, In order to assist in developing the entrepreneurial mindset it is important for the media to promote innovation through target marketing campaigns that highlight the successes of high growth innovative businesses via print, radio and social media. These marketing campaigns should be tailored to suit its target audience for maximum effectiveness.

Finally, one issue that was flagged in the APS, NES and the environment scan was that of putting measures in place to identify, encourage and facilitate new innovative entrepreneurial firms with high growth- and high export- potential. Small gains from these efforts can lead to great changes in the contribution of entrepreneurship to economic diversification and development for Trinidad and Tobago. The recommendations for financing and education can be tailored to augment these efforts.

Glossary of Terms

Adult Population Survey

A survey that samples a portion of the non-institutionalized adult population; adults 18 years and over, both in and out of labour force from all geographic regions of the country about their perceptions, attitudes capabilities and awareness concerning the entrepreneurial environment in the country.

Business Discontinuance Rate

The percentage of adults (18 and older) who in the past 12 months have discontinued a business either by selling, shutting down operations or otherwise discontinuing an owner/manager relationship with the business.

Entrepreneurial Aspirations

The efforts of the early-stage entrepreneur to introduce new products and services, develop new production processes, penetrate foreign markets, substantially increase the number of firm employees, and finance the business with either formal or informal venture capital, or both.

Entrepreneurship as a Desirable Career Choice

The percentage of the population aged 18 and over, who agree with the statement that in their country, most people consider starting a business as a desirable career choice.

Established Business Owners

Individuals who are currently owner-managers of an operating business that has paid salaries, wages, or any other payment to the owners for more than 42 months.

Fear of Failure

The percentage of the population 18 and older, with positive perceived opportunities but indicate that the fear of failure would prevent them from actually starting a business.

High-Growth Expectation

The percentage of the early-stage entrepreneurs who expect to employ at least 20 employees in five years time.

High Status of Successful Entrepreneurs

The percentage of the population aged 18 and over, who agree with the statement that in their country, successful entrepreneurs receive high status.

International Orientation

The percentage of the Early-Stage entrepreneurs with more than 25% of the customers coming from other countries.

Media Attention for Entrepreneurship

The percentage of the population 18 and over, who agree with the statement that in their country, stories about successful new businesses are often seen in the public media.

Nascent Entrepreneurs

Individuals who are currently actively involved in setting up a business they will own or co-own which has not yet paid salaries, wages or any other payment to the owners for more than three months.

National Experts Survey

A survey that studies the views of experts who are directly involved in delivering or assessing a major aspect of an entrepreneurial framework condition in their country.

Necessity-Driven Entrepreneurship

The percentage of those involved in Total Early-Stage entrepreneurial activity who are involved in entrepreneurship because they had no other option for work.

New Business Owners

The percentage of adults 18 and over, who are currently an owner-manager of a new business; that is owner-manager of an operating business that has paid salaries, wages, or any other payment to the owners for more than three months but not more than 42 months.

New Product Market Oriented

The percentage of the Early-Stage entrepreneurs who indicate that their product or service is new to at least some customers and indicate that not many businesses offer the same product or service.

Opportunity-Driven Entrepreneurship

The percentage of those involved in Total Early-Stage entrepreneurial activity (as defined above) who (i) claim to be driven by opportunity as against having no other option for work;

and (ii) who identify being independent or increasing their income rather than just maintaining their income as the main driver for being involved in the business.

Perceived Opportunity

The percentage of population 18 and over, who see good opportunities for entrepreneurship in the area where they live.

Perceived Capability

The percentage of population 18 and over, who believe they have the skills and knowledge required to start a business.

Total Early-Stage Entrepreneurs

Adults 18 and over, who are either nascent entrepreneurs or owner-managers of a new business.

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Appendix 1 – Entrepreneurial Activity in the 69 GEM Countries in 2012

Country	Nascent entrepreneurship rate	New business ownership rate	Early-stage entrepreneurial activity (TEA)	Established business ownership rate	Discontinuation of businesses	Necessity-driven (% of TEA)	Improvement-driven opportunity (% of TEA)
LATIN AMERICA & CARRIBEAN							
Argentina	11.79	7.30	18.88	9.63	4.92	34.54	46.61
Barbados	9.98	7.23	17.12	12.23	2.87	12.42	62.68
Brazil	4.48	11.30	15.44	15.19	4.51	30.13	58.83
Chile	14.68	8.43	22.58	7.77	4.97	17.40	68.87
Colombia	13.58	6.86	20.11	6.72	6.74	12.42	47.83
Costa Rica	10.00	5.34	15.04	3.33	3.49	20.20	47.88
Ecuador	16.72	11.68	26.61	18.92	7.59	35.83	30.21
El Salvador	7.69	7.79	15.26	9.39	7.83	35.24	39.22
Mexico	7.94	4.28	12.11	4.67	4.31	13.44	51.82
Panama	7.21	2.69	9.46	1.86	1.82	19.49	56.76
Peru	14.67	6.22	20.21	5.10	6.75	23.42	53.13
Trinidad & Tobago	8.76	6.52	14.96	7.19	4.50	15.09	59.88
Uruguay	10.18	4.71	14.63	4.97	4.99	18.38	39.85
Average (unweighted)	10.59	6.95	17.11	8.23	5.02	22.15	51.04
MIDDLE EAST & NORTH AFRICA							
Algeria	1.62	7.25	8.75	3.32	6.93	29.96	47.42
Egypt	3.10	4.87	7.82	4.15	5.28	33.58	22.90
Iran	4.47	6.48	10.79	9.53	5.05	41.96	36.20
Israel	3.50	3.03	6.53	3.78	4.04	19.17	46.13
Palestine	6.22	3.81	9.84	2.98	7.73	41.91	26.58
Tunisia	2.38	2.48	4.78	4.37	3.98	35.47	42.29
Average (unweighted)	3.55	4.65	8.09	4.69	5.50	33.67	36.92
SUB-SAHARAN AFRICA							
Angola	14.89	18.88	32.39	9.06	25.86	23.75	38.26
Botswana	17.04	12.24	27.66	6.33	16.26	33.41	47.97
Ethiopia	5.70	9.25	14.73	10.20	3.40	20.35	69.22
Ghana	15.42	22.78	36.52	37.74	16.24	27.56	50.97
Malawi	18.45	20.39	35.56	10.80	28.91	41.92	42.87
Namibia	11.30	7.00	18.15	3.17	11.59	37.25	36.79

Country	Nascent entrepreneurship rate	New business ownership rate	Early-stage entrepreneurial activity (TEA)	Established business ownership rate	Discontinuation of businesses	Necessity-driven (% of TEA)	Improvement-driven opportunity (% of TEA)
Nigeria	21.77	14.19	35.04	15.67	8.31	34.54	53.22
South Africa	4.30	3.08	7.32	2.32	5.03	31.67	39.74
Uganda	9.58	27.56	35.76	31.25	25.92	46.00	42.11
Zambia	27.50	14.57	41.46	3.84	20.23	32.00	46.24
Average (unweighted)	14.59	14.99	28.46	13.04	16.17	32.85	46.74
ASIA PACIFIC & SOUTH ASIA							
China	5.45	7.43	12.83	12.45	3.73	36.88	39.37
Japan	2.26	1.72	3.99	6.11	1.12	20.72	66.41
Korea	2.56	4.08	6.64	9.57	3.17	34.89	46.17
Malaysia	2.79	4.20	6.99	6.96	1.62	13.32	60.70
Pakistan	8.29	3.42	11.57	3.78	2.53	52.95	23.56
Singapore	7.60	4.18	11.56	3.10	3.88	14.77	54.45
Taiwan	3.33	4.21	7.54	10.38	5.67	17.93	42.60
Thailand	8.74	11.32	18.94	29.69	2.78	16.69	67.40
Average (unweighted)	5.13	5.07	10.01	10.25	3.06	26.02	50.08
EUROPEAN UNION							
Austria	6.58	3.42	9.58	7.61	3.56	10.81	38.20
Belgium	3.32	1.95	5.20	5.12	2.39	17.91	61.56
Denmark	3.07	2.36	5.36	3.45	1.34	8.24	70.65
Estonia	9.46	5.09	14.26	7.24	3.96	18.22	49.10
Finland	3.45	2.68	5.98	8.04	1.99	17.10	59.88
France	3.74	1.54	5.17	3.23	1.96	18.14	58.94
Germany	3.51	2.15	5.34	4.95	1.91	21.68	50.74
Greece	3.82	2.84	6.51	12.27	4.43	29.94	32.11
Hungary	5.83	3.59	9.22	8.10	3.77	31.13	35.27
Ireland	3.91	2.28	6.15	8.32	1.74	28.14	40.52
Italy	2.47	1.92	4.32	3.32	2.43	15.74	22.30
Latvia	8.71	4.82	13.39	7.93	3.39	25.26	46.02
Lithuania	3.15	3.64	6.69	8.24	2.20	24.63	51.49
Netherlands	4.08	6.26	10.31	9.49	2.17	8.44	66.35
Poland	4.83	4.55	9.36	5.81	3.89	40.71	30.13
Portugal	4.26	3.63	7.67	6.23	2.98	17.86	53.08
Romania	5.51	3.83	9.22	3.91	3.81	24.19	37.70
Slovakia	6.65	3.91	10.22	6.38	4.69	35.57	42.88
Slovenia	2.95	2.53	5.42	5.79	1.62	7.36	64.02
Spain	3.35	2.45	5.70	8.74	2.11	25.59	32.51

Country	Nascent entrepreneurship rate	New business ownership rate	Early-stage entrepreneurial activity (TEA)	Established business ownership rate	Discontinuation of businesses	Necessity-driven (% of TEA)	Improvement-driven opportunity (% of TEA)
Sweden	4.59	1.85	6.44	5.25	1.86	6.84	48.59
United Kingdom	5.30	3.74	8.98	6.16	1.69	18.30	42.61
Average (unweighted)	4.66	3.23	7.75	6.62	2.72	20.54	47.03
NON-EUROPEAN UNION							
Bosnia and Herzegovina	4.51	3.35	7.78	6.00	7.19	58.33	20.14
Croatia	6.38	1.89	8.27	3.06	4.24	34.23	35.68
Macedonia	3.73	3.25	6.97	6.73	3.86	51.95	28.73
Norway	3.70	3.15	6.75	5.75	1.45	7.41	69.63
Russia	2.65	1.80	4.34	2.05	1.00	36.40	31.40
Switzerland	2.90	3.03	5.93	8.44	2.02	18.08	57.46
Turkey	7.25	5.36	12.22	8.68	5.24	30.88	54.57
Average (unweighted)	4.45	3.12	7.47	5.82	3.57	33.90	42.51
UNITED STATES							
United States	8.86	4.08	12.84	8.56	4.49	21.35	59.45

(Source: GEM Global Report 2012)

Apendix 2- Author Biographies

Miguel Carrillo

Miguel Carrillo is one of the most sought after experts in the area of Strategy and Innovation by governments across all continents, multi-lateral agencies like World Bank, Inter American Development Bank and private sector organizations such as Ernst and Young, Coca Cola, CEMEX, Volkswagen, Novartis. He also generously gives his time, knowledge and expertise to non-profit and non-governmental organizations. He has lectured in over 15 countries and has been a visiting lecturer at MIT, University of Massachusetts, HEC Paris and University of Texas in Austin. He is the pioneer or champion of several nova research agendas for the region in the areas of Business Analytics, Cluster Mapping, Sustainable Innovation, and Governance, in addition to his involvement with GEM research in Chile, Trinidad and Tobago, and now Suriname. He holds a PhD in Strategy from the joint PhD. Program of Concordia and McGill University in Montreal, Canada. Prior positions include Dean, Adolfo Ibanez School of Management, Miami Campus; Dean, School of Business, Monterrey Institute of Technology, Mexico; Finance Manager, Hewlett Packard; Association Consultant, McKinsey & Company. In 2009, he assumed position as the Executive Director and Professor of Strategy Arthur Lok Jack Graduate School of Business.

Henry Bailey

Henry Bailey lectures in Economics and Applied Economics courses at the Arthur Lok Jack Graduate School of Business. He holds a PhD in economics from the University of the West Indies, and an MBA from Brunel University. He also has BSc and MSc degrees in economics. He has published in several international journals in the areas of utility construction, health economics and health outcomes research, and he has presented at various research forums in Health Economics and Development. He is a member of the EuroQol Research Foundation, and a founding member of the Global Health Delivery Network of Harvard University. Prior to his career in academia, he worked for Johnson & Johnson for over 25 years in the pharmaceutical and medical device industries in the Caribbean and Central America.

Marvin Pacheco

Marvin Pacheco holds Bachelor's and Master's degrees in Management Studies from the University of the West Indies St. Augustine where he is presently pursuing a PhD in Business Administration. He is presently the Lead Researcher on several key projects with the Centre for Strategy and Competitiveness at the Arthur Lok Jack Graduate School of Business including an assessment of the Innovation System of Trinidad & Tobago, conducting a Baseline Study for the Small and Micro-Enterprise Sector and various Local and Regional Cluster Development Initiatives. Prior to this he previously held research and consultancy positions with the Centre for Social Responsibility, the Centre for Entrepreneurship and Innovation at the Arthur Lok Jack Graduate School of Business, and with the Inter-American Development Bank's FINPYME Project. He is also a Part-Time Lecturer in Marketing at the University of the West Indies.

Tahirah David

Tahirah David is a Researcher at the Arthur Lok Jack Graduate School of Business. Her areas of research include the entrepreneurial environment, and health policy. She holds a BSc in Agribusiness and Environmental / Natural Resource Management from the University of the West Indies and an MBA with a Specialization in Entrepreneurship and Innovation from the Arthur Lok Jack Graduate School of Business. Prior to working at the Arthur Lok Jack Graduate School of Business, Tahirah worked as Programme Coordinator at Youth Business Trinidad and Tobago where she managed an Inter American Development Bank project that focused on the promotion of entrepreneurship through micro-financing and mentorship.



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