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**THE GLOBAL ENTREPRENEURSHIP MONITOR
2014
BARBADOS REPORT**

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The Global Entrepreneurship Monitor: A snapshot of the 2014 findings on entrepreneurship in Barbados



This document contains information on the findings on the state of entrepreneurship in Barbados. Emphasis is placed on the key findings from data collected using the GEM Adult Population and the National Experts surveys. Recommendations are advanced based on these findings.

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Executive Summary

The financial crisis of 2008 continues to significantly impact on large economies as well as those of Small Island Developing States (SIDS). Many of these countries have been experiencing fiscal deficits, rising unemployment levels, debt, and significant cuts in government expenditure. In the search for an avenue to economic recovery, the leaders of these countries have pointed to the need for an upsurge in entrepreneurial activity to provide a financial injection to their economies and to act as a catalyst for job creation, innovation, and growth.

In 2014, the government of Barbados implemented various policies that sought to alleviate the financial impact of the economic recession. Some of these policies resulted in a high percentage job loss and increased unemployment rates throughout the country. One of the strategies that was recommended by the incumbent government to streamline the road to economic recovery and growth was to increase entrepreneurial activity among the general population.

It was amidst this economic climate, in Barbados, that the Global Entrepreneurship Monitor (GEM) 2014 data collection process was completed. The process was driven by three primary objectives: (1) to measure the differences in the levels of entrepreneurial activity between Barbados and other countries; (2) to uncover factors leading to appropriate levels of entrepreneurship and (3) to suggest policies that may enhance the national level of entrepreneurship in Barbados. To facilitate the achievement of these objectives, the GEM data collection methodology used two surveys: the Adult Population Survey (APS) and the National Experts Survey (NES). These surveys were designed by the GEM consortium team to gather information on entrepreneurship from the general population and experts in various areas of entrepreneurship.

The APS is a standardised survey instrument which is used to collect data on various measures of entrepreneurship. Some of the primary measures of the survey include: potential entrepreneurship; intentional entrepreneurship; nascent entrepreneurship; new business ownership; Total Early-Stage Entrepreneurial Activity (TEA) and established business ownership. These metrics provide a holistic picture of the state and perception of entrepreneurial activity in each GEM participating territory.

Apart from collecting data from the general adult population, data is also collected from entrepreneurial experts who work in different industries. This information is collected using the NES. The NES is the standardised survey measure that was administered to experts in various areas of entrepreneurship such as government policy and finance. The survey was used to ascertain their views on the state of the Entrepreneurial Framework Conditions (EFCs) in Barbados.

The Cave Hill School of Business/The University of the West Indies is responsible for the collection, analysis, and reporting of GEM data in Barbados. In 2014, the APS was administered to a sample of 2,000 Barbadian adults between the ages of 18-64, using face-to-face and telephone interviews. The findings from the 2014 APS indicate that the percentage of persons in each stage of entrepreneurship (e.g. potential and intentional) has declined, particularly when compared to previous years. On the other hand, findings from the NES revealed the need for greater attention to be paid to governmental factors that influence entrepreneurship. A synopsis of the APS and NES findings is presented below:

Potential entrepreneurship: According to Singer, Amoros, and Moska (2015) potential entrepreneurs are characterised by: (1) their willingness to take risks despite the possibility of failure; (2) their perception of whether there are good business opportunities, and (3) their perception that they possess the requisite skills and capabilities to start a business. The 2014 findings for Barbados revealed that 23.4% of the sample indicated that: fear of failure would be a major deterrent for business start-up activity, while only 38.2% believed that there will be good opportunities to start a business in the near future. Moreover, 63.5% believed that they possessed the skills and capabilities required for business start-up. It should be noted that these findings, when compared to the results of previous years, reflect that there has been an increase in the percentage of persons who reported that they are likely to be dissuaded by a fear of failure and a decrease in the number of persons who believe that there will be good opportunities to start a business. The findings also revealed a decline in the percentage of persons who reported that they have the knowledge and competencies required to start a business.

Intentional Entrepreneurship: 11.5% of the Barbadian sample indicated that they have intentions of commencing a business within the next three years; this is the lowest percentage of persons to indicate such intentions for the four year period in which data has been collected. It also marks a significant decline in the number of persons with entrepreneurial intentions since 2012 when the intention rate was 23%.

Total Early-Stage Entrepreneurial Activity (TEA): TEA is the primary metric of GEM and seeks to ascertain the percentage of owners/managers who are in their formative and growing years of business. It comprises two primary measures: nascent entrepreneurship and new entrepreneurship. In 2014, 8.5% of the sample was classified as nascent entrepreneurs, while only 4.2% reported being new business owners. Together these findings indicate that 12.7% of the Barbadian population can be regarded as early-stage entrepreneurs. This, like many of the previous findings, signalled that early-stage entrepreneurial activity in the island is beginning to dwindle.

Established business ownership: Established business owners are regarded as those entrepreneurs who own a business that has been paying salaries beyond forty-two months. The 2014 results revealed that only 7.1% of the Barbadian population reported that they were established business owners; this marked a 5.3% decline from the previous year's findings.

Discontinuance rate: Despite the dwindling numbers in the different phases of entrepreneurship during the four year period, the business discontinuance rate in Barbados has yet to move beyond 4%, which may be a good indication of business sustainability. This year only 3.7% of the Barbadian sample reported that they discontinued a business within the last 12 months.

National Experts Survey (NES): The results from the NES indicated that there is a need for improvement in key areas of entrepreneurship, especially with regards to financial support government policies and government programmes.

Recommendations on how to improve the state of entrepreneurship and entrepreneurial activity are advanced based on the findings from the APS and the NES.

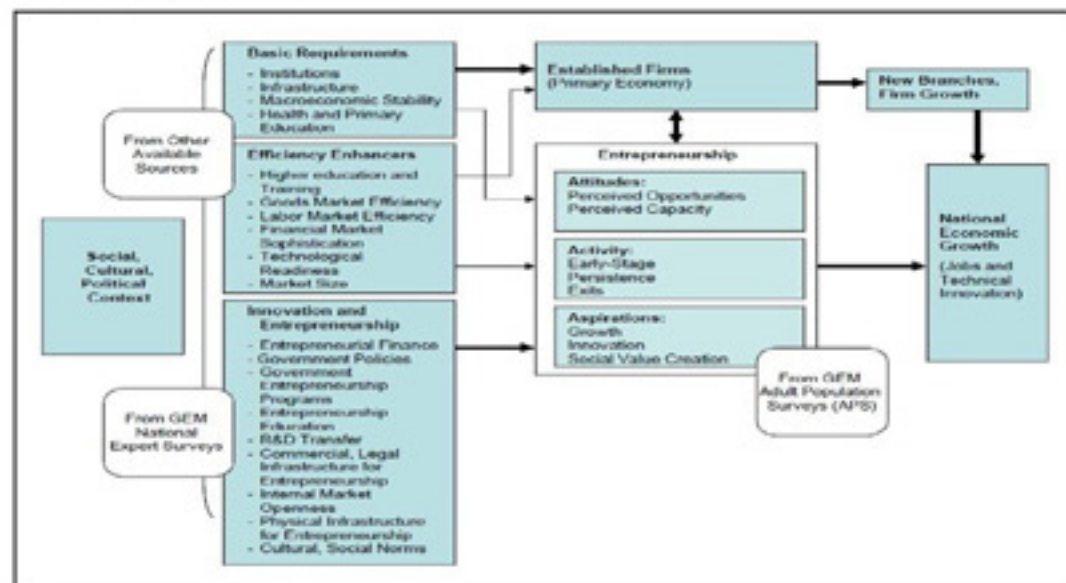
Chapter 1 - Introduction

A Snapshot of the Global Entrepreneurship Monitor

GEM is regarded as the largest study on entrepreneurship in the world. The GEM project is in its sixteenth year, during this period data has been collected by over 100 'National Teams' from myriad countries around the globe. The data collected is used to measure entrepreneurial aspirations, perceptions, activity, and attitudes in each participating territory. This information is used to achieve the three primary objectives of GEM; these include: (1) measuring the level of differences in entrepreneurial activity among countries; (2) uncovering factors which lead to appropriate levels of entrepreneurship and (3) to suggest policies that may enhance the national level of entrepreneurial activity.

The GEM data collection is influenced by its conceptual framework. This framework highlights the relationships among 'entrepreneurial enablers' such as infrastructure and quality higher education and their impact on entrepreneurial aspirations, perceptions, activity, and attitudes (See Figure 1.1).

Figure 1.1
GEM Conceptual Framework



In examining entrepreneurship and entrepreneurial activity among participating territories, GEM highlights a series of transitional phases in the entrepreneurial process by way of the GEM entrepreneurial pipeline (See Figure 1.2). These phases highlight the different points prior to, during, and after a person has decided to start a business. Each phase is characterised by a

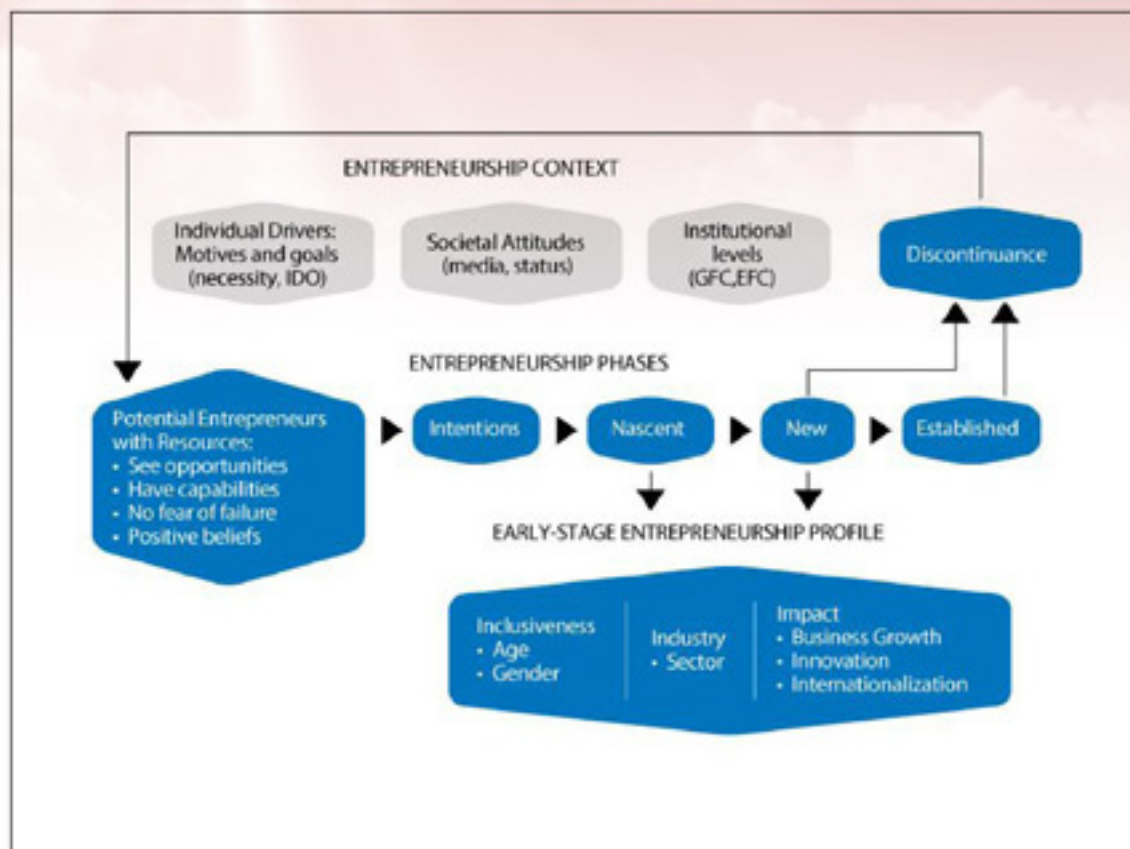
particular type of entrepreneur. In addition, some of these phases (e.g. the transition from nascent to new business ownership) are indicative of the maturation and sustainability of the business.

GEM entrepreneurial pipeline

According to Varela, Moreno, and Bedoya (2014), one of the most important contributors to entrepreneurial activity is *socio-cultural acceptance*. This determines whether entrepreneurship is culturally accepted in the particular country. GEM assesses this by measuring: (1) the perception of entrepreneurship as a good career choice, (2) the status afforded to entrepreneurs and (3) the amount of media attention given to entrepreneurs. If these three factors are viewed favourably, the country is considered to have an environment that encourages entrepreneurial activity. The second stage in the GEM entrepreneurial pipeline is characterised by *potential entrepreneurs*. Potential entrepreneurs are considered as those persons who are not deterred by fear of failure; believe that there are good opportunities to start a business and are confident in their business start-up capabilities. Those persons who have moved beyond this stage and have indicated their intention to start a business in the next three years are considered as *intentional entrepreneurs*, and comprise the third stage in the GEM pipeline. When a person has transitioned from mere intention to start a business to beginning the start-up process, they are considered as engaging in entrepreneurial activity. GEM distinguishes between two types of entrepreneurs, early stage and established. *Early-stage entrepreneurs*, who are a part of the fourth and fifth stages in the GEM pipeline, are considered as those individuals who have been engaged in business start-up activity for up to three-and-a-half years and have been paying salaries to the owners and or employees. This stage is further subdivided into *nascent entrepreneurs* (fourth stage). This comprises those persons who own a business that has been paying salaries to the owner and or employees for up to three months; and *new entrepreneurs* (fifth stage), those who own a business and have been paying salaries to employees and or the owner for more than three months but not more than three-and-a-half years. According to Varela et al. (2014), the final stage in the entrepreneurial pipeline is *established entrepreneurship*. This final stage comprises those entrepreneurs who have owned a business for beyond three-and-a-half years and have been paying salaries to the owner and or employees during this time period. Although the GEM process is presented in a series of stages, it should be noted that this is not linear as societal and demographic factors may serve to inhibit or speed up the process.

Figure 1.2

GEM entrepreneurial pipeline



Chapter 2 - Methodology

Collecting the Data

To facilitate the comparison of results among participating countries, the GEM methodological approach to collecting data is standardized. The National Teams from each territory are expected to abide by the standards outlined for the data collection process that have been given by the GEM consortium. To ensure that this occurs, GEM utilises data quality checks at specific points in the data collection process.

This chapter outlines the methodological approach used to collect the GEM data in Barbados. It includes a brief description of the sample, the research instruments and the data collection procedures used to gather data from the participants.

The Participants

Participants in the GEM APS survey in 2014 were randomly selected from among the adult population (18-64 years of age) from each of the eleven parishes in Barbados. The sample included an equitable distribution of males and females in the Barbadian population. The table below indicates the breakdown of the sample by gender.

Table 2.1
Gender distribution of the sample

Gender	Number	Percentage
Male	987	49.4
Female	1013	50.7

The Instruments

Adult Population Survey

The data from participants across the eleven parishes in the island was collected using the Adult Population Survey (APS). The APS is a questionnaire designed by the GEM consortium team which is orally administered to the adult population (ages 18-64) by National Teams in participating territories. The questionnaire assesses different elements of entrepreneurship. However, its primary measures are the proportion of individuals who belong to the following

categories: nascent entrepreneurs, new entrepreneurs and established entrepreneurs. The first two categories are combined to measure Total Early-Stage Activity (TEA); the main metric captured by GEM. The survey also assesses entrepreneurial aspirations, attitudes, intentions, and perceptions.

Data collection procedures (APS)

The APS was administered using a mixed-mode of data collection. That is, the questionnaires were orally administered to participants via face-to-face and telephone interviews. In terms of the face-to-face administration, persons from various households were randomly selected by the enumerators to participate in the study. Only one person from each randomly selected household was allowed to participate in the study. Those persons who agreed to participate in the study were asked to respond to questions on the questionnaire, which were asked by the enumerators. The telephone interviews were conducted in parishes that had the largest number of residents (St. Michael and Christ Church). Participants were identified by making calls to persons whose numbers were listed in the National Directory.

The National Experts' Survey (NES)

GEM also seeks to ascertain the views of experts with regards to the entrepreneurial support systems in each territory. The views of these experts are gathered through the online administration of the National Experts' Survey (NES). In 2014, this online survey was administered to 22 experts from different entrepreneurial sectors in the island. The experts were asked to rate the degree to which adequate Entrepreneurial Framework Conditions existed in Barbados. These conditions included topics such as government policies and programmes as well as financial support and other important areas related to entrepreneurship. The NES uses a Likert scale to assess the experts' perceptions with regards to EFCs. Response categories for each item on the questionnaire ranged from completely false to completely true. A rating of 1 indicated that the statement was completely false whereas a rating of 5 reflected the experts' belief that the statement was completely true.

Data Collection Procedures (NES)

The NES survey was administered online. Prior to this administration, persons who were considered as experts in distinctive fields of entrepreneurship (e.g. Tourism and Culture) were contacted and asked about their interest in participating in the study. Those experts who indicated their willingness to complete the questionnaire were sent an e-mail containing

information about the NES. Information and instructions on how to complete the survey were also provided via this medium. All experts were assured that any information provided would be kept confidential. After their agreement to participate in the survey, the experts were required to respond to each item by indicating the degree to which they believed that each statement about entrepreneurship and entrepreneurial support systems (in Barbados) was completely true or completely false. The surveys were completed and submitted electronically by each expert. The data was analysed and each response was given a mean rating.

Chapter 3 - Potential and Business Intent

Building on potential and aspiring to start a business

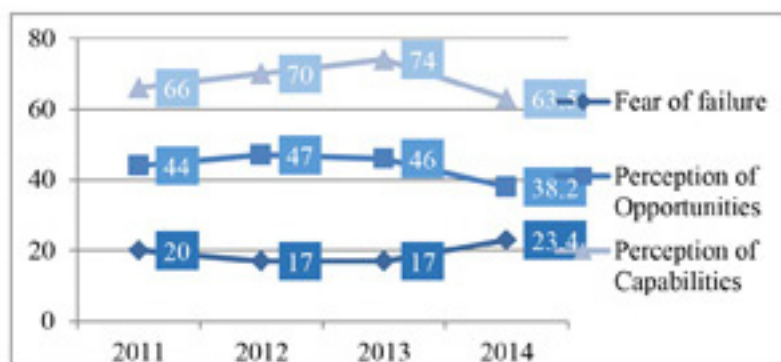
The preceding chapter highlighted the methodological strategies utilised to collect the GEM data. This current chapter will examine some of the key findings pertaining to GEM. As such the focus will be on examining the findings pertaining to potential and intentional entrepreneurship in Barbados.

Starting a business not only requires the entrepreneur to have financial and social capital but he or she must possess the core competencies and characteristics required to become a successful entrepreneur. These qualities form the platform from which the potential entrepreneur can successfully launch his or her enterprise. GEM assesses three primary characteristics that are typically found in persons who are likely to become entrepreneurs; these qualities include: willingness to accept the possibility of failure, perception of good opportunities, and belief that they have the necessary skills to commence a business.

When compared to the findings of previous years, the 2014 results point to an increase in the percentage of persons who reported that they would be dissuaded from starting a business because of the possibility of failure. There were also noticeable decreases in the percentage of persons who perceived that there would be good opportunities to start a business in the near future as well as those who believed that they possess the necessary skills to become an entrepreneur. This information is displayed in Figure 3.1 below.

Figure 3.1

Potential entrepreneurship (fear of failure, perception of opportunities and perception of capabilities)



The percentages reported in the above figure may be reflective of the economic changes that the country has undergone in 2014. More specifically, job loss and other major structural changes in the economy may have accounted for the increase in fear of failure and may also have contributed to the further decline in the positive perception of available opportunities to start a business. It can also be speculated that the decline in the percentage of persons who reported that they have the capabilities required to start a business could be a consequence of the economic collapse in Barbados at the time. That is, persons may have begun to question their ability to commence a business in the economic climate that prevailed.

Comparison with Latin American and other Caribbean Territories in 2014

When compared to Latin America and other Caribbean territories, Barbados had one of the lowest percentages of persons who reported that they are deterred from pursuing an enterprise because of fear of failure. Although this finding may seem to be suggestive of a population that is low on risk-aversion, it must be interpreted in light of the fact that Barbados has the third lowest percentage of persons, amongst these territories, who believed that there will be good opportunities to start a business in the near future. Moreover, even though perception of capabilities compares favourably with other territories it is still below the average (64.5%) for countries in this region. Table 3.1 displays this information.

Table 3.1

Comparison of potential entrepreneurship among Latin America and Caribbean territories in 2014

Latin America and Caribbean Countries	Perceived Opportunities	Perceived capabilities	Fear* of Failure	Entrepreneurial** Intentions
Argentina	31.9	57.8	23.5	27.8
Barbados	38.2	63.5	23.4	11.5
Belize	49.6	69.0	32.6	10.1
Bolivia	57.7	73.1	38.4	46.9
Brazil	55.5	50.0	35.6	24.5
Chile	67.0	64.9	28.4	50.1
Colombia	65.7	57.4	30.7	47.0
Costa Rica	39.0	59.4	36.8	29.0
Ecuador	62.0	72.8	30.7	43.1
El Salvador	44.7	70.8	34.9	23.1
Guatemala	45.4	64.2	33.0	35.8
Jamaica	57.0	81.2	22.0	35.3
Mexico	48.9	53.5	29.6	17.4
Panama	43.3	54.4	14.6	19.7
Peru	62.3	69.4	29.1	50.6
Puerto Rico	25.1	48.8	24.0	12.5
Suriname	41.0	77.4	16.1	4.6
Trinidad and Tobago	58.6	75.2	16.8	33.9
Uruguay	45.6	63.1	26.7	24.8

*Fear of failure was assessed among the 18-64 aged population that perceived that there were good opportunities to start a business

** Entrepreneurial intentions was assessed among the 18-64 aged population who were not involved in entrepreneurial activity, but expected to start a business by 2017.

The above findings seem to suggest that the entrepreneurial climate in Barbados (particularly when compared to other countries) is not perceived as being conducive to business start-up activity. More specifically, given that most persons who start a business have consolidated on an available opportunity, the fact that only 38.2% of the sample from Barbados believed that there would be good opportunities to start a business in the near future, points to a decline in confidence among those who may consider themselves as potential entrepreneurs. By contrast, in most of the other territories, over 40% of the population reported that they believe that these opportunities to start a business do exist. This contrast is not only an indication of the differences in entrepreneurial climate but the economic constraints in Barbados. It also suggests the need for the government and entrepreneurial institutions/organisations to make infrastructural changes that can improve an individual's prospects of successfully starting a business. This point is echoed by Singer et al. (2015), who in the 2015 GEM Global Report, noted that, "low levels of

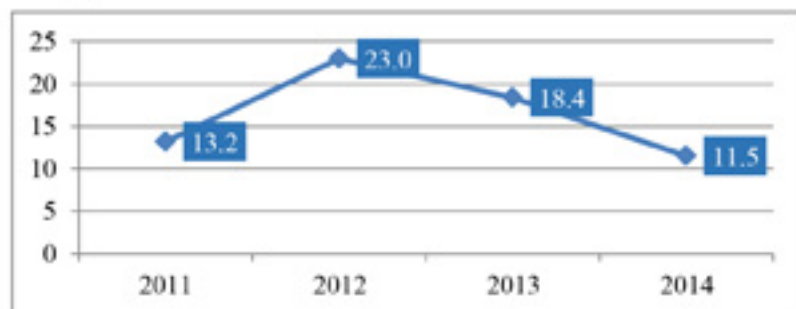
perceived opportunities in countries with economic development problems is not only quite relevant information for governments, but also for many other institutions, like professional infrastructure institutions, education sector which can help in building the individuals' capacity of recognising opportunities" (p. 33).

Entrepreneurial intentions

A person's perception of entrepreneurial opportunities, his or her perceived capabilities, and the degree to which he or she fears failure, can either preclude or facilitate the individual's intent to start a business. That is, start-up intention is often influenced by whether a person has a high level of business efficacy and his or her perception of available business opportunities. In 2014, only 11.5% of the Barbadian sample indicated their intent to start a business in the near future (by 2017). Not only did this mark a significant decline in the findings of previous GEM surveys (See Figure 3.2), but it was the third lowest percentage reported by countries in Latin America and the Caribbean. This decline in entrepreneurial intentions can be coupled with the fact that over 60% of the Barbadian population did not believe that there would be good opportunities to start a business in the near future. On the other hand, it can be argued that given that Barbados is classified as an efficiency-driven economy, the intent to start a business may not be as prevalent or as necessary when compared to factor-driven economies where alternative income sources are limited. The lack of entrepreneurial intention is also evident in innovation-driven economies (Singer et al., 2015) most of which have the lower intention rates than countries that are classified as having factor-driven or efficiency-driven economies. It would seem then, that there is some level of association between economic classification and business start-up intention. This therefore, may be a plausible explanation for the low intention rate in Barbados in 2014.

Figure 3.2

Entrepreneurial intention rate in Barbados between 2011-2014



Chapter 4 - Entrepreneurial Activity

Starting the enterprise

The preceding chapter examined the findings pertaining to potential entrepreneurship. As indicated in the GEM model, despite the fact that some persons may possess all the qualities to become full-fledged entrepreneurs, not everyone is willing to make that ‘leap of faith’ to start a business. In fact, few potential entrepreneurs may go on to commence an enterprise. This chapter focuses on those former potential entrepreneurs who made the decision to start a business and are in their early months or years of growing the enterprise.

To assess the level of early-stage entrepreneurial activity in each territory, GEM measures two levels of entrepreneurship: (1) nascent business ownership – the percentage of persons between ages 18-64 who have owned or managed a business for no more than three months that has been paying salaries and (2) new businesses ownership – the percentage of persons between the ages of 18-64 who have owned or managed a business that has been paying salaries for more than three months but no more than three-and-a-half years. Together this data captures Total Early-Stage Entrepreneurial Activity (TEA) in each territory.

The findings for Barbados in 2014 reveal that there has been a significant decline in the percentage of persons who reported that they have been engaged in early-stage entrepreneurial activity. This information is displayed in Figure 4.1 below

Figure 4.1

Percentages of Nascent and New Businesses in Barbados between 2011-2014



The figure above also highlights the fluctuations in early-stage entrepreneurial activity between 2011 and 2014. For example, in 2013 nascent business ownership rose from 6.8% in 2011 to 11.1% in 2013 and declined to 8.5% in 2014. These fluctuations may be reflective of the instability in the entrepreneurial ecosystem. Similar variations were also evident in terms of new business ownership.

Comparison with other Latin American and Caribbean territories in 2014

In 2014, Barbados had one of the lowest rates of Early-stage Entrepreneurial Activity when compared to other Latin American and Caribbean territories (See Table 4.1). This finding suggests that Barbadians may be living in a less favourable entrepreneurial environment when compared to these territories.

Table 4.1

Early-stage Entrepreneurial Activity in Latin America and Caribbean territories

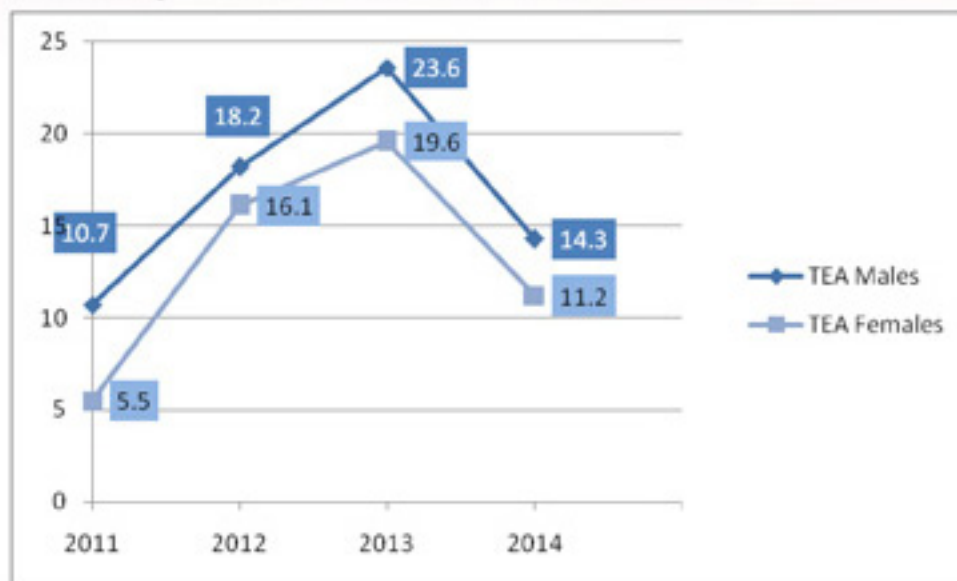
Latin America and Caribbean Countries	Nascent Business Ownership Rate	New Business Ownership Rate	Total Early-stage Entrepreneurial Activity
Argentina	9.5	5.2	14.4
Barbados	8.5	4.2	12.7
Belize	4.3	3.0	7.1
Bolivia	21.5	7.1	27.4
Brazil	3.7	13.8	17.2
Chile	16.6	11.0	26.8
Colombia	12.4	6.7	18.5
Costa Rica	7.6	3.7	11.3
Ecuador	24.5	9.9	32.6
El Salvador	11.4	8.7	19.5
Guatemala	12.0	9.2	20.4
Jamaica	7.9	11.9	19.3
Mexico	12.7	6.4	19.0
Panama	13.1	4.1	17.1
Peru	23.1	7.3	28.8
Puerto Rico	8.8	1.3	10.0
Suriname	1.9	0.2	2.1
Trinidad and Tobago	7.5	7.4	14.6
Uruguay	10.5	5.7	16.1

Gender and TEA

Even though a general comparison of entrepreneurial activity among GEM participating territories provides a useful insight into comparative levels of entrepreneurship, it is equally important to consider the gender differences in the level of early-stage business activity.

In Barbados, it is apparent that although differences do exist with regards to gender and entrepreneurial activity, the differences are not large (See Figure 4.2) as males have only been slightly ahead over the four year period. However, what is also quite patent is that there has been a decline in the rate of entrepreneurial activity for both genders since 2012. It can be argued that the sharp drop from the noticeable growth in 2012 may be reflective of the economic climate that existed in 2014.

Figure 4.2
Gender comparison on TEA between 2011-2014



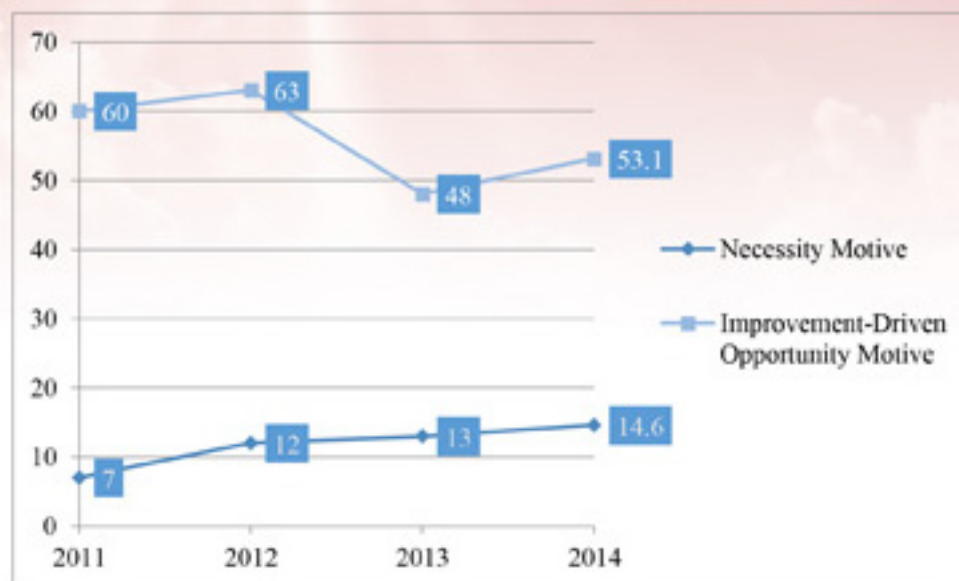
Entrepreneurial Motives

There are many factors that influence a person's decision to start a business. GEM measures two main motives that lead to business start-up activity; these include: the necessity motive and the improvement-driven-opportunity motive. According to the GEM model, persons involved in TEA who started a business because they had no other option for work are considered as necessity entrepreneurs. In contrast, improvement-driven-opportunity entrepreneurs are regarded as those individuals involved in TEA who (i) claim to be driven by opportunity as opposed to finding no other option for work; and (ii) who indicate the main driver for being involved in this opportunity is being independent or increasing their income, rather than just maintaining their

income. Figure 4.3 displays the percentages of necessity and improvement-driven-opportunity persons in Barbados between 2011-2014. The results indicate that most early-stage businesses are started to improve the lifestyle of the individual, while less businesses are started out of necessity. This pattern has remained relatively stable over the four year period.

Figure 4.3

Percentage of persons involved in TEA who were driven by the necessity and Improvement-opportunity- motives



Entrepreneurial Motives: Comparison with Latin America and other Caribbean territories in 2014

Similarly to other territories in Latin America and the Caribbean, in 2014, the majority of the Barbadian TEA sample reported that they had commenced their businesses because of their intention of improving their lifestyle through maximising on a potential business opportunity. More succinctly, in Barbados, like most of the other territories, over 50% of the TEA sample started their businesses with this particular goal in mind. This information is displayed in Table 4.2 below.

Table 4.2
Comparison of entrepreneurial motives among Latin American and Caribbean territories

Latin America and Caribbean Countries	Necessity Motive	Improvement-Driven Opportunity
Argentina	28.0	43.5
Barbados	14.6	53.1
Belize	13.1	47.6
Bolivia	22.8	51.7
Brazil	29.0	57.8
Chile	17.6	62.2
Colombia	33.3	51.6
Costa Rica	19.3	63.5
Ecuador	29.4	35.0
El Salvador	32.0	54.5
Guatemala	40.6	38.9
Jamaica	32.1	33.5
Mexico	22.5	50.0
Panama	26.3	60.2
Peru	16.4	58.9
Puerto Rico	20.5	51.1
Suriname	5.4	39.8
Trinidad and Tobago	12.0	64.3
Uruguay	16.0	27.3

Chapter 5 - Established Entrepreneurship

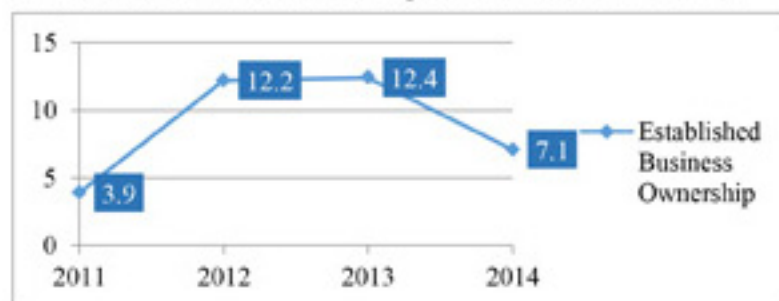
Sustaining the enterprise beyond its formative years

The preceding chapter examined some of the key factors related to early-stage entrepreneurial activity. Although the importance of this activity cannot be denied, it should not be considered in isolation. As businesses grow, it is expected that their longevity will increase as they become more and more established. This point is also posited by Singer et al. (2015), who note that, the balanced dynamics of entering early-stage entrepreneurial activity and the successful transition toward established businesses is always one of importance. Bearing this in mind, the current chapter examines the established business ownership rates in Latin America and the Caribbean.

One of the most daunting challenges that confront entrepreneurs is ensuring that they successfully sustain their businesses beyond the nascent and new stages of development. When this has been accomplished, it is often suggestive of the sustainability and longevity of the enterprise and the business is then regarded as an established one. GEM assesses the established business ownership rate by measuring the percentage of the 18-64 population who are currently owner-manager of a business that has paid salaries, wages, or any other payments to the owners for more than 42 months. Figure 5.1 shows the established business ownership rate for Barbados between 2011-2014. The Figure illustrates that there has been a 5.3% decline in the established business ownership rate from the previous year.

Figure 5.1

Established Business Ownership in Barbados 2011-2014



These findings are important especially in light of the contribution of established businesses to job creation and economic growth. This stems from the fact that the longevity of a business is contingent on the profits that the owner(s) is making. Increased profits, which result from a

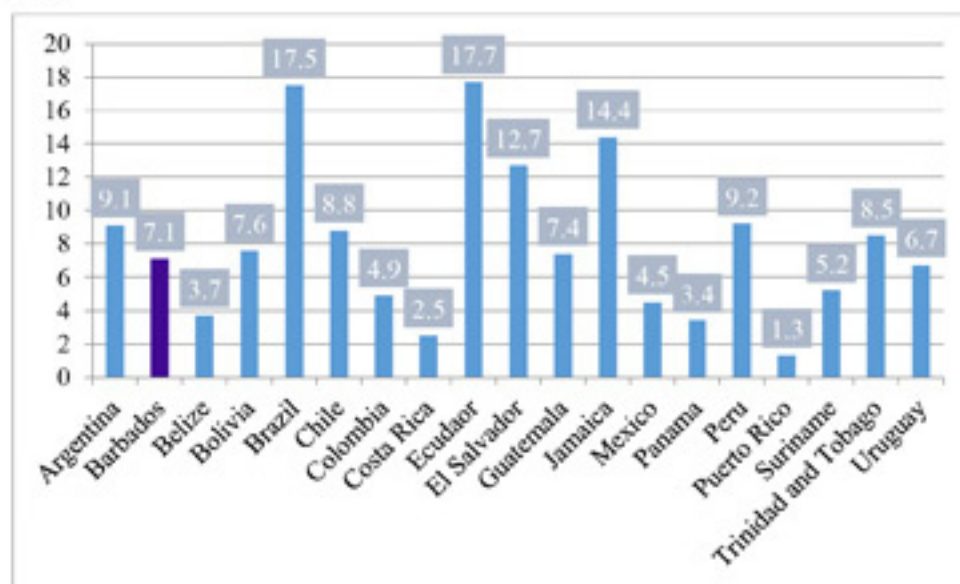
demand and purchase of a particular service or product, can lead to business expansion and by extension employee recruitment. The 7.1% rate of established business ownership in 2014 therefore needs to be increased in order to facilitate the growth of employment in Barbados. What is more, the finding may also be an indication that there are insufficient support structures in place to maximise the sustainability of businesses in the island.

Comparison of established business ownership with other Latin American and Caribbean territories in 2014

In 2014, none of the territories in Latin America or the Caribbean had an established business ownership rate that exceeded 20% (See Figure 5.2). Moreover, although these findings marked a decline in the established business ownership rate in Barbados, this rate was similar to those of most of the other territories.

Figure 5.2

Established business ownership rates in Latin America and the Caribbean in 2014

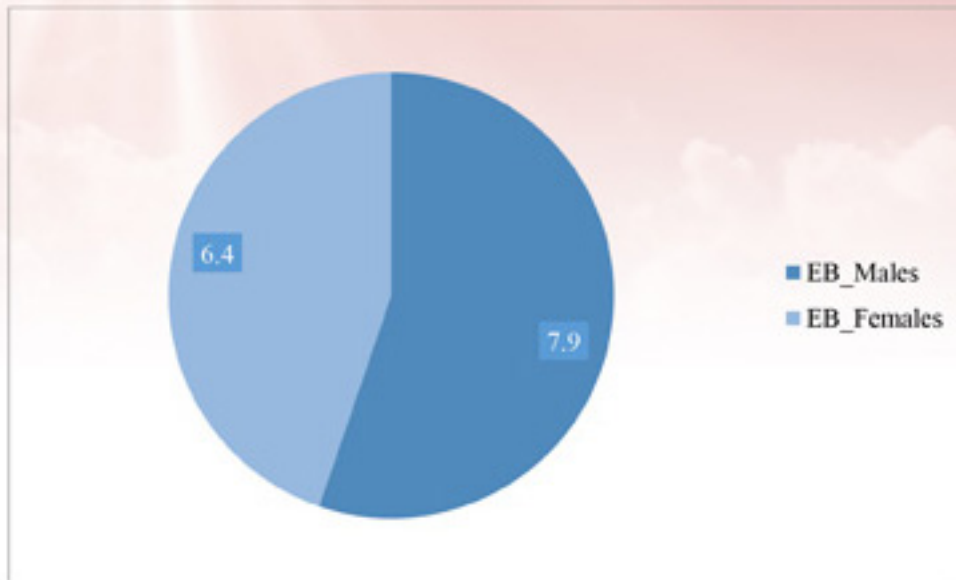


Gender and Established Business Ownership

The longevity of an enterprise is one of the many aspirations of many entrepreneurs. With regards to gender this is extremely important, especially given that males and females are likely to own or manage different types of businesses which present various employment opportunities for both genders within the general population. The 2014 findings from Barbados suggest that the difference between males and females in terms of the established business ownership rate is quite small (See Figure 5.3)

Figure 5.3

Comparison of males and females in terms of established business ownership rates



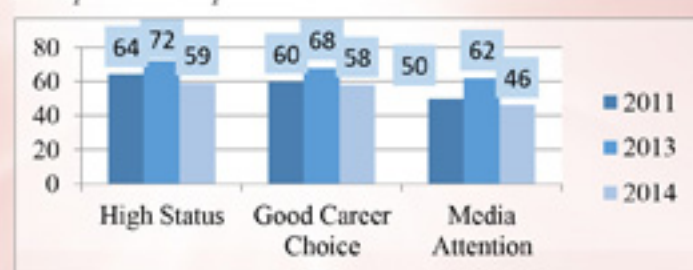
Chapter 6 - Socio-Cultural acceptance of Entrepreneurship

Entrepreneurship: Cultural acceptance and societal perceptions

The previous chapters examined the findings on entrepreneurial activity at different stages throughout the GEM entrepreneurial pipeline. These findings signalled a decrease in entrepreneurial activity in each phase of development. However, it should be noted that an individual's decision to start, continue or discontinue a business may be influenced by the societal perceptions of entrepreneurship and entrepreneurial activity in his or her respective territory. GEM highlights three major factors that are indicative of societal attitudes toward entrepreneurship; these include: (1) the status afforded to entrepreneurs, (2) the perception of entrepreneurship as a good career choice and (3) the amount of media attention given to entrepreneurs. Suffice it to say, if entrepreneurship is viewed favourably, persons will be more willing to engage in business start-up activity; the opposite may hold true for those persons who decide against starting a business or to discontinue it. As such, the current chapter highlights the findings on societal attitudes toward entrepreneurship in Barbados.

In Barbados, between 2011 and 2014, there was a noticeable decline in the percentage of persons who reported that entrepreneurship and entrepreneurs were culturally accepted. More specifically, the results point to dwindling percentages in the number of persons who: perceive entrepreneurship as a good career choice; believe that successful entrepreneurs are afforded a high status in society, and that successful entrepreneurs are given a significant amount of media attention (See Figure 6.1).

Figure 6.1
Perceptions and socio-cultural acceptance of entrepreneurship



The above figure illustrates that there has been a steady decline in all areas related to entrepreneurial attitude. This finding, though important, must also be considered in light of the decline of entrepreneurial activity in Barbados. In fact, what it seems to suggest is that there may be some association between entrepreneurial activity and societal attitudes toward entrepreneurship. This possible association insinuates that how entrepreneurship is viewed by society may contribute to the level of entrepreneurial activity in the particular territory. This viewpoint is echoed by Singer et al. (2015) who note that social values play a key role in whether individuals behave entrepreneurially or not.

Comparison of entrepreneurial attitudes of Barbados with those of Latin America and other Caribbean territories in 2014

Comparisons with other territories reveal that Barbadians generally have less favourable perceptions of each of the categories of entrepreneurial attitudes. As Table 5.1 (on the following page) illustrates, across each measure of socio-cultural acceptance, Barbados is among those territories that reported having less than 60% of their population having positive attitudes toward each measure. This is particularly evident in terms of media attention, where it is seen that Barbados has the lowest percentage of persons who reported that successful entrepreneurs are given a lot of media attention. This does not bode well for entrepreneurial growth and development. As mentioned before if entrepreneurship is not seen or portrayed as a desirable activity persons will be less inclined to engage in entrepreneurial pursuits.

It is also important to note that Barbados had lower percentages in each category when compared to Trinidad and Tobago and Jamaica. This finding is interesting particularly given that the countries are located in similar geographic and economic regions, but are at different phases of economic development (Jamaica is a factor-driven economy while Trinidad and Tobago is an innovation-driven economy). Perhaps this may have played a role in the disparate findings.

The findings therefore suggest that serious groundwork will be required if Barbados is to reach its goal of becoming the world's entrepreneurial hub by 2020.

Table 6.1
Comparison of Barbados with Latin American and Caribbean territories in terms of socio-cultural acceptance of entrepreneurship

Country	High Status to successful entrepreneurs	Entrepreneurship as a Good Career Choice	Media Attention given to entrepreneurs
Argentina	52.2	57.8	63.6
Barbados	58.5	57.6	46.3
Belize	55.5	57.8	43.3
Bolivia	77	70.3	76.5
Chile	64.4	69.4	65.2
Colombia	67.1	70.5	74.4
Costa Rica	59	61.3	79.7
Ecuador	67.1	66.4	82.9
El Salvador	59.5	82.6	59.5
Guatemala	76.9	95.3	60.6
Jamaica	84	83.5	83.9
Mexico	50.8	53.2	45.5
Peru	81.4	82.4	83.6
Puerto Rico	51.1	18.5	72.7
Suriname	67.2	66.7	80.7
Trinidad and Tobago	69.5	79.5	65.6
Uruguay	56.7	62.1	60.8

Chapter 7 - National Experts' Survey

Entrepreneurial support structures in Barbados: Examining the views of the experts

As discussed in Chapter 6, one of the major factors that influence business start-up activity is the socio-cultural acceptance of entrepreneurship within the population. Socio-cultural acceptance, however, should not be considered as a separate factor that is detached from the influence of Entrepreneurial Framework Conditions (EFCs) – conditions that are necessary for entrepreneurship to flourish. What is more, cultural acceptance and embracement of entrepreneurs may be contingent on the entrepreneurial ecosystem and the support structures that are in place to promote entrepreneurial activity. For example, access to financial capital and the business registration process will influence how entrepreneurs and entrepreneurship is perceived. The importance of support structures to start-up activity and to the emergence of sustainable businesses cannot be denied. Consequently, this chapter, using the findings from the National Experts' Survey (NES), examines the views of twenty-two entrepreneurial experts, who work in differing industries in Barbados (e.g. finance, culture, services etc.). Particular emphasis will be placed on their responses to the following categories: financial support, government policy, government programmes and women in entrepreneurship.

Entrepreneurial Finance

Financial support is considered as the bedrock of successful start-ups. The absence of monetary capital could spell disaster for most early-stage entrepreneurs. This point is echoed by Argerich, Hormiga, and Valls-Pasolla (2013), who posit that, the 'death rate' of newly created companies is often indicative of their inability to access financial capital. Venture capitalists and angel investors therefore can be regarded as the 'lucky charms' of early-stage start-ups. However, in some territories, where persons of this nature are not quite prevalent, the enterprise may have to be self-financed or the entrepreneur(s) may attempt to obtain financial assistance from existing governmental support structures within his or her territory. The latter is particularly important as inadequate or non-existent financial support structures for entrepreneurs will not only increase the possibility of business failure, but may serve as an obstacle to business start-up. Therefore, within any entrepreneurial environment consideration must be given to the financial support systems that are in place to assist entrepreneurs.

In terms of financial support, the entrepreneurial experts in Barbados gave most of the existing structures a below average rating. For example, funding through IPOs received the lowest rating by the experts. This information is displayed in Table 7.1.

Table 7.1

Financial support for new firms

Financial support items	Ratings
There is sufficient equity funding available for new and growing firms	2.50
There is sufficient debt funding available for new and growing firms	3.48
There are sufficient government subsidies available for new and growing firms	3.00
There is sufficient funding available from private individuals (other than founders) for new and growing firms	2.15
There is sufficient venture capitalist funding available for new and growing firms)	2.10
There is sufficient funding available through initial public offerings (IPOs) for new and growing firms	1.94

Government policy

Government policies are a crucial element in promoting the entrepreneurial spirit. Successfully engendering this spirit is often dependent on the policies that are implemented by respective governments. To a large extent, policies on education, taxation, employment, and legislation can have a marked influence on the processes and outcomes of new and established businesses (Ribeiro-Soriano & Galindo-Martin, 2012).

Potential and early-stage entrepreneurs often lament that government policies could either curtail or facilitate business growth. For example, in Barbados, the Small Business Development Act (1999-23) outlines specific criteria that must be met if a business is to be considered as a small business. Given that this Act provides a fiscal and regulatory framework for the operation of small businesses, those enterprises that are regarded as small businesses have the opportunity to benefit from the incentives that are outlined in the Small Business Development Act for those businesses that meet specific criteria. While this framework is an important one, there are also other areas of government policy that impact heavily on new and growing firms in the island; the NES addressed some of these key areas.

In terms of government policy, the experts gave many of the items related to government policy low ratings. This suggests that government policy may be perceived more so as a hindrance rather than an enabler of new business start-up and growth. This is evidenced by the consistent low ratings on each factor (See Table 7.2). As indicated in the table below, most experts agreed that it is difficult to obtain licenses and permits for businesses in a speedy fashion (less than a week). In addition, taxes meted out by the government were perceived to be burdensome to new and growing firms.

Table 7.2
Government policies and support for new and growing firms

Government policy items	Ratings
Government policies (e.g., public procurement) consistently favour new firms	1.57
The support for new and growing firms is a high priority for policy at the national government level	2.73
The support for new and growing firms is a high priority for policy at the local government level	2.89
New firms can get most of the required permits and licenses in about a week	1.27
The amount of taxes is NOT a burden for new and growing firms	1.48
Taxes and other government regulations are applied to new and growing firms in a predictable and consistent way	3.20
Coping with government bureaucracy, regulations, and licensing requirements it is not unduly difficult for new and growing firms	1.48

Government Entrepreneurship Programmes

Apart from financial support structures and government policies, a key feature of an enabling entrepreneurial environment is one in which there are effective government programmes and agencies that streamline business start-up activity. These types of programmes allow new entrepreneurs to feel as though there are enough support structures in place to successfully pursue and sustain their enterprises. On the contrary, if these programmes are inefficient or to some extent non-existent, the challenge of effectively starting a business may appear daunting.

In Barbados, there are a number of government programmes and support structures that have been established to assist new and growing firms. Many of these programmes are designed to

provide new entrepreneurs with the guidance and, in some cases, greater access to financial capital to assist SMEs.

Similarly to the other previously mentioned factors, the experts' responses indicated that the programmes and services provided by the government to support new and growing firms in Barbados are not as effective as they should be. The most glaring issue that the experts highlighted was the fact that assistance for new and growing firms could not be obtained by contacting a single agency (See Table 7.3). The low rating on this item suggests that although there are many existing entrepreneurial support organisations in Barbados, it is still difficult for early-stage entrepreneurs to get sound advice and support without having to go to different organisations; this may be a frustrating experience for the entrepreneur.

Table 7.3
Government Entrepreneurship Programmes

Government Programme items	Ratings
A wide range of government assistance for new and growing firms can be obtained through contact with a single agency	1.43
Science parks and business incubators provide effective support for new and growing firms	2.11
There are an adequate number of government programs for new and growing businesses	2.76
The people working for government agencies are competent and effective in supporting new and growing firms	2.50
Almost anyone who needs help from a government program for a new or growing business can find what they need	2.05
Government programs aimed at supporting new and growing firms are effective	2.58

Chapter 8 - Conclusions and Recommendations

Summing it all up and making suggestions

The 2014 GEM findings revealed a number of changes in Barbados with regards to entrepreneurial activity, potential and intentional entrepreneurship and socio-cultural acceptance. These findings, however, do not augur well for the trajectory of entrepreneurship in the country. This is evinced by the decline in the number of intentional and early-stage entrepreneurs as well as the perception of entrepreneurship.

Moreover, while the 2014 findings suggest that most Barbadians believe that they have the required skills and competencies to start a business and that very few are dissuaded by fear of failure, these findings do not reflect any improvements. More specifically, in 2014 there was an increase in the percentage of persons who indicated that fear of failure would curtail their desire to start a business. By contrast the number of persons who reported that they have the skills to start a business declined.

In addition to the above findings only a low percentage of persons signalled their intention to start a business in the near future. Perhaps this is due to the fact that more than half of the sample believed that there will not be good opportunities to start businesses in the near future.

These above results not only suggest that additional structures and policies need to be put in place to create a more positive perception of the entrepreneurial environment, but they also point to the need for continuous programmes that train potential and intentional entrepreneurs on how to recognise business opportunities, particularly in a stagnant economy. Such training programmes should place emphasis on innovation in business so as to enable the potential entrepreneur to recognise that business opportunities are not always in 'plain sight' and may require innovative thought (Marshall, Wharton, & Irving, 2014).

The findings from the NES revealed that government programmes and policies as well as financial support are major hindrances to entrepreneurial growth. To remove these barriers, governments should review and amend legislative frameworks that may be considered as inhibitors to business growth. It is therefore recommended that strategies be put in place to

remove the administrative barriers and create more efficient systems which serve to quicken the business start-up process.

In addition, organisations such as the BEF (and other entrepreneurial organisations), should continue to assert themselves in their push to create a Barbadian economy that fosters entrepreneurial growth and development. Initiatives such as this, not only bring an increased awareness of many of the hindrances to entrepreneurial growth in the country, but may act as a catalyst for other initiatives which aim to remove these barriers.

Conclusively, what the GEM APS and NES results indicate is that if Barbados is to become one of the world's leading entrepreneurial hubs, a number of improvements will need to be made at the policy and grassroots levels.

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The logo features the letters 'GEM' in a bold, serif font, positioned inside a stylized crescent shape. The background of the entire page is a warm, orange-toned sky with soft, white clouds and a bright sunburst effect emanating from behind the logo.

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