

# **POLICY ISSUES, OBJECTIVES AND RECOMMENDATIONS**

## **1.0 INFORMALITY**

### **1.1 Policy Element: Informality of MSMEs**

#### **a. Policy Issue: MSMEs Operating Outside the Formal System**

A 2006 Report on Private Sector Development<sup>2</sup> indicates that the informal economy forms approximately 41% of the total economy in Latin America. Jamaica is no different and previous studies by the World Bank and IDB on Jamaica indicate percentages within the same range. Formalisation is not an instantaneous process and it requires public education, incentives, simplification of existing systems and ongoing support in order to achieve the goal of reducing the number of enterprises that operate outside of the formal sector. The present body of knowledge indicates that the major barriers to formalisation are: regulatory and administrative; fees and financial requirements; socio-cultural and privacy issues.

#### **b. Policy Objective:**

To reduce the level of informality in the MSME sector.

#### **c. Policy Recommendation**

- (i) MIIC in collaboration with COJ will ensure that there is simplicity in the options available for business registration using ICT.
- (ii) The Ministry of Finance and the Public Service (MOFPS) will continue initiatives to simplify the tax system and make specific recommendations that will benefit the MSME sector such as tax credits or tax holidays.

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<sup>2</sup> "Promoting Pro-Poor Growth: Private Sector Development-OECD 2006 pg 27-35

Additionally, there will be no retroactive taxation for businesses that formalize.

- (iii) MOFPS and the Ministry with Information and Telecommunications will continue public education programmes to address the socio-cultural issues and inform citizens about how taxes are used, the benefits to Jamaica when the tax base is broadened and how GOJ can support the MSME sector if revenue inflows increase.
- (iv) GOJ will limit licensing and permits to those activities where it is justified.
- (v) MIIC, through JBDC and JAMPRO, will continue to promote the marketing and developmental assistance that is available to firms that are registered.

## **2.0 ACCESS TO FINANCE**

### **2.1 Policy Element: Lack of Adequate and/or Suitable Collateral to Access Financing**

#### **a. Policy Issue:**

The ability to access adequate and or serviceable financing on the basis of available collateral has been cited in many studies as “the most important factor determining the survival and growth of micro, small and medium-sized enterprises (MSME’s) in both developing and developed countries.”<sup>3</sup> Here “adequate” speaks to sufficiency in terms of the amount of money that can be borrowed, which is limited by the low value of the collateral, while “serviceable” refers to the ease with which principal can be repaid and interest paid. In an understandable attempt to minimize the duration of their exposure, lenders may be inclined to impose prohibitively high interest rates and short loan tenures against security that is not sufficiently valuable or “fixed” (long term) in nature.

Based on the assets that MSME’s would have available to put up as security, the typical “commercial” opportunities available for them to access funding are limited. The characteristic business aspirant may possess little by way of “fixed assets” such as unencumbered real estate and motor vehicles. Often, the only articles available to qualify as collateral are items of comparatively lower monetary value such as consumer durables. The challenge of collateral inadequacy is of course greatest for Micro Enterprises (MEs), the owners of which tend to be least likely to possess the necessary collateral and appropriate or reliable financial documents necessary to acquire requisite funding. As a result,

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<sup>3</sup> ‘Asia-Pacific Environmental Innovation Strategies (APEIS) Research on Innovative and Strategic Policy’ pg.1

micro and small enterprises (MSEs) are forced to rely on their own savings and/or informal sources of credit, the latter being particularly costly. In the literature, it has been agreed that “Self-financing from plough-back of profits appears almost the sole road to expansion.”<sup>4</sup>

**b. Policy Objective:**

To introduce financing options that are less dependent on the provision of traditional collateral since from the perspective of any given MSME, it is hardly possible in the short term to increase either the quantity or quality of what is usually available as collateral.

**c. Policy Recommendations - Micro Enterprises:**

- (i) DBJ will provide funding to micro-credit institutions to facilitate lending. Micro Enterprises usually need a small amount of working capital for a short period of time. Micro Enterprises are not sensitive to interest rate and therefore lending institutions will be asked to look at the viability of the business idea rather than focus on collateral.
- (ii) The Government will promote the on-lending of funds to micro enterprises without the need for traditional collateral. Government through JBDC will provide financing for the business clusters. The group guarantee will eliminate the need for individual collateral.
- (iii) Taxation-Tax Administration and Audit Department (TAAD) should conduct an audit of the SME and make an annual assessment. The assessment should be based on profit and the number of employees. The firm then makes payment (corporation tax plus individual returns) either bi-annually or quarterly. At the next audit the TAAD will either refund,

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<sup>4</sup> K. Selvavinayagam pg.4

increase or keep the assessment at the same level. This will reduce the time the business owner has to spend to undertake this activity or the cost of monthly outsourcing such services.

- (iv) TAAD should license SME and professionals such as lawyers and accountants and charge them a 'one-off' flat payment. (Bahamian Model).
- (v) Preferential corporation tax rate for Micro Enterprise starting at 30% and gradual reduced based on the macro-economic framework.

**\*\*\*\*Taxation and all related matters fall within the remit of MOFPS, and therefore these are recommendations for further discussion\*\*\*\***

**d. Policy Recommendations - Small Enterprises:**

- (i) MIIC and JBDC will work with the PSOJ and the Bankers Association to explore the possibility of introducing innovative financing options. These include "Factoring" where the accounts receivable of the SME is used as collateral, or "Floor Planning" where the inventory of the SME is used as collateral until the sale is made.
- (ii) Preferential Corporation tax rate for Small Enterprise starting at 30% and gradual reduction based on the macro economic framework.
- (iii) Taxpayer Audit Administration Department (TAAD) should conduct an audit of the enterprise and make an annual assessment. The assessment should be based on profit and the number of employees. The firm then makes payment (corporation tax plus individual returns) either bi-annually or quarterly. At the next audit the TAAD will either refund, increase or keep the assessment at the same level. This will reduce the

time the business owner has to spend to undertake this activity or the cost of monthly outsourcing such services.

- (iv) TAAD should license SME and professionals such as lawyers and accountants and charge them a one off flat payment.
- (v) The Government will offer support to the small enterprise sector through the use of credit guarantee schemes that have less demanding collateral requirements (partial security).

**e. Policy Recommendations - Medium Enterprises:**

- (i) MIIC and JBDC will work with the PSOJ and the Bankers Association to explore the possibility of introducing innovative financing options such as “Factoring” where the accounts receivable of the SME is used as collateral or “Floor Planning” where the inventory of the SME is used as collateral until the sale is made.
- (ii) The Government will encourage private financial institutions to focus on project viability and less on traditional collateral requirement.
- (iii) The Government will explore the feasibility of loan default insurance to offer comfort to creditors.
- (iv) The Government will facilitate the establishment of a Credit Bureau to furnish financial intermediaries with the necessary credit information to assist in their assessment of the credit worthiness of the MSME’s and by extension, their ability to service loans.
- (iv) MIIC and PIOJ will source a special line of credit at a concessionary rate and make these funds available for on-lending to the productive sector.

**f. Policy Recommendations - New Businesses:**

- (i) GOJ and the private sector will establish a partnership to provide “angel financing” or “venture capital” for new businesses.
- (ii) GOJ will expand the current Young Entrepreneurship Programme and encourage all business students in schools to establish businesses in their schools.
- (iii) GOJ will provide a Tax Holiday of six (6) months for new businesses that employ three (3) or more persons. Thereafter, the business will get a tax credit for each additional employee up to a maximum of ten (10) persons.
- (iv) MIIC and PIOJ will source a special line of credit at a concessionary rate and make these funds available for on-lending to new businesses in the productive sector.
- (v) MIIC and JIPO will have discussions with the financial sector in order to promote the use of Intellectual Property as a type of collateral.

**2.2 Policy Element: Social Capital as a Vehicle for Micro Enterprise Development**

**a. Policy Issue:**

Microenterprises are faced with several social challenges which reflect a deficiency in certain social capital. These include low levels of education, poor socialization resulting in interpersonal conflicts, lack of social cohesion, peace and harmony.

**b. Policy Objective:**

To foster greater cohesiveness, and promote the benefits of information and knowledge sharing, unity and cooperation.

**c. Policy Recommendations:**

MIIC in collaboration with other MDAs and MSME umbrella organizations will facilitate the development of social capital among microenterprise through training programmes aimed at:

- (i) strengthening social cohesiveness, unity, cooperation, trust and solidarity;
- (ii) improving knowledge sharing and information symmetry;
- (iii) building structured networks and
- (iv) improving experience sharing and best practices.

**2.3 Policy Element: Access to credit by Micro Enterprises**

**a. Policy Issue :**

- (i) The critical policy issue is that micro enterprises experience a lack of access to credit. Microcredit is the extension of very small loans (microloans) to the unemployed, poor entrepreneurs and others living in poverty that may not otherwise be able to obtain credit from traditional lending institutions. These individuals lack collateral, steady employment and a verifiable credit history and therefore cannot meet even the most minimal qualifications to gain access to credit through traditional lending institutions. Microloans are loans made to micro enterprises and for the purpose of this policy, the maximum is US\$1,000.

- (ii) Microloans tend to have a high administrative cost per dollar loaned. The cost per dollar loaned is high since the processing cost for a small loan is nearly the same as for a large loan. More importantly, collection from micro enterprises has to be weekly or at most fortnightly as they do not have the discipline to save towards the monthly debt service. This significantly increases the travelling cost of the loan officers. In order to increase access to credit by micro enterprises, Government would have to subsidize the administrative costs or the lending institution would have to increase its interest rate to cover its administrative costs. Micro enterprises are relatively insensitive to high interest rates.

**b. Policy Objective:**

To increase access to credit by micro-enterprises in a sustainable manner.

It should be emphasized that the objective is not to provide micro enterprises with funds at subsidized interest rate, but rather to ensure that credit institutions will find it financially attractive to enter the market and extend credit to micro enterprises.

**c. Policy Recommendations:**

- (i) Bank of Jamaica (BOJ) should liberalize interest rates for micro credit and thereby allow micro credit institutions to charge sustainable interest rates which will enable them to cover their administrative costs, provide for loan loss, compensate for inflation so that their lending portfolio does not decline in real terms over time and make provisions for modest real rate of return.

- (ii) DBJ should also provide loan capital at highly subsidized interest rates to institutions that are willing to lend to the micro sector.

## **2.4 Policy Element: High Interest Rates for SME Loans**

### **a. Policy Issue:**

SMEs are more sensitive to high interest rates and in a globally competitive environment are unable to sustain high debt service. Funding provided by DBJ through the approved financial institutions (AFIs) is subsidised. However, greater volume of funds is required to expand the pool of funds available to SMEs.

### **b. Policy Objective:**

To facilitate lower interest rates to SMEs

### **c. Policy Recommendations:**

- (i) The Development Bank of Jamaica (DBJ) will continue to provide subsidized funds for retailing through the AFIs.
- (ii) MOFPS and PIOJ will attempt to identify sustainable source of funds for channeling to the DBJ to significantly expand the pool of subsidized funds for on-lending through the AFIs until the interest rate in the market is reduced to internationally competitive levels.
- (iii) MOFPS and MIIC will encourage the Bankers Association of Jamaica to provide loans to SME who want to purchase land or property for business use at a rate that is below what is offered for the purchase of residential property. Monitoring mechanisms will be put in place so that entity operating at the specified location is executing the activity that it is registered to do.

### **3.0 MARKET ACCESS**

#### **3.1. Policy Element: Low Demand for Traditional Goods and Services produced by MSMEs.**

##### **a. Policy Issue:**

Often low demand for traditional goods and services available from MSMEs is primarily due to improper or insufficient marketing and a lack of understanding of the sector(s) in which they are competing. Additionally, the products and services of MSMEs are usually not tailored to niche or preferential markets and this impedes their performance in markets which have the presence of several larger businesses. Product differentiation amongst MSMEs is also a factor which hinders the competitiveness of Jamaican MSMEs competing within a global marketplace.

The demand for products produced by MSMEs is also negatively affected by poor packaging and inadequate conformity to standards. According to Rudjito<sup>3</sup>, most MSMEs do not have an understanding of the market in which they operate in terms of its size, the kind of products that are demanded, and the form of packaging and distribution expected. He also pointed to the weaknesses in the bargaining power of MSME's, especially when dealing with relatively large-scale suppliers and buyers. Rudjito, however, noted that even if MSME's have an understanding of the market they would sometimes be challenged by the difficulties faced in procuring raw materials.<sup>5</sup>

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<sup>5</sup> Rudjito pg.3

**b. Policy Objective:**

To increase the market share for goods and services produced by MSMEs.

**c. Policy Recommendations:**

- (i) MIIC, through its relevant agencies, JAMPRO and JAMCO will disseminate information to local MSME about the market requirements in key international markets.
- (ii) MIIC in partnership with the MOFAFT through its overseas missions and consulates will facilitate the promotion of non-traditional exports such as the creative arts, ethnic food, and apparel.
- (iii) MIIC will also continue to provide an outlet for the exposure and retail of products by MSMEs. Emphasis will be placed on the supply of goods to areas with a notable Caribbean Diaspora presence.
- (iv) MIIC will facilitate the promotion and strengthening of agencies which play a vital role in the areas of standards setting, package design and marketing.
- (v) MIIC will seek to market and showcase the products and services of MSMEs through the World Wide Web and will continue to strengthen agencies which play a key role in the identification of products with a high export potential.
- (vi) MIIC will support entities such as the Jamaica Manufacturers Association, Small Business Association of Jamaica and other umbrella business associations in the promotion of the MSME-produced goods and services among children in schools so as to develop early and hopefully life-long loyalty to local products.

### **3.2 Policy Element: Inadequate Marketing and Communication Skills of MSMEs**

#### **a. Policy Issue:**

Demand for the goods and services from MSMEs are generally hindered due to the inability of MSMEs to effectively market their goods and services. Common marketing problems faced by MSMEs include having a limited customer base, lack of access to marketing resources, a lack of formalized planned marketing plans and innovative marketing skills.<sup>6</sup>

#### **b. Policy Objective:**

To increase the marketing and communication skills of MSMEs

#### **c. Policy Recommendations:**

- (i) GOJ will seek to encourage the use of technical training programmes available through both private and public sector Business Development Services (BDS) providers.
- (ii) GOJ will especially seek to promote the awareness of BDS providers which focus on the improvement of marketing skills. Such facilities include the Jamaica Business Opportunity Service (JBOS), Jamaica Trade Point (JTP), the Biz Marketing Programme and Business Information Points.
- (iii) GOJ will facilitate the use of ICT as an avenue for MSME operators to access information necessary to facilitate “self-paced” empowerment and knowledge. Additionally JAMPRO and JBDC will encourage MSME to use online social networks such as Facebook, Twitter etc. to promote their products.

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<sup>6</sup> Tennant, Tennant and Wright (2009).

### **3.3 Policy Element: Establishing Business Clusters/Centres**

#### **a. Policy Issue: The Need for the Cluster Approach**

Business clusters have been identified as important in the areas of business development, competitiveness, productivity, knowledge-sharing, marketing and networking<sup>7</sup>. Business clusters provide MSMEs with the opportunity to operate in an environment with interconnected businesses. Through this interconnectivity, businesses have an opportunity to form valuable relationships which may lead to greater levels of competitiveness. The need for the establishment of business clusters in Jamaica has been verified by the Jamaica Business Development Corporation and JAMPRO.

#### **b. Policy Objective:**

To encourage the formation of business clusters as a means of developing the MSME sector.

#### **c. Policy Recommendations:**

- (i) There will be a collaborative effort among the state, the private sector and academia to deliver a pointed and persistent education programme targeting MSME to inform them of the benefits of being a part of a cluster.
- (ii) MIIC in partnership with other MDAs will seek the cooperation of real estate owners/developers to designate parcels of land (particularly those with existing suitable building infrastructure) to be leased for small business development.
- (iii) Additionally, Government will allocate prime or other crown land for the development of business clusters, centres and zones, with special emphasis on high-unemployment communities.

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<sup>7</sup> CPB Netherlands Bureau for Economic Policy Analysis, Cluster Sector Analysis, 13<sup>th</sup> August (2001)

## **4.0 BUSINESS SUPPORT SERVICES**

### **4.1 Policy Element: Unfamiliarity with Available Business Support Services**

#### **a. Policy Issues:**

MSMEs may be considered “the drivers of economic development” and, as such, will provide the catalyst for economic transformation. However, this sector is challenged by stunted growth and, subsequently, an inability to effectively develop.

The MSMEs’ challenges are further compounded by their severely limited managerial and promotional skills. This vital economic sector is encumbered by a ‘lack of’ support service facilities, not because these services do not exist, but because the sector that needs it most is, unaware of its existence.

#### **b. Policy Objective:**

To sensitize MSMEs to the existence of business support services, especially those offered by the JBDC and JAMPRO.

#### **c. Policy Recommendations:**

- (i) JBDC will partner with JEA and JCC to increase the number of JAMBICs.
- (ii) JBDC will partner with the Social Development Commission (SDC), Faith Based Organizations (FBOs) and Community Based Organizations (CBOs) to promote its service offering.
- (iii) MIIC will partner with radio stations and JIS to further publicize the available services for MSMEs.

## **5.0 TRAINING AND DEVELOPMENT**

### **5.1 Policy Element: Lack of a Comprehensive Training and Development Framework for the MSME Sector**

#### **a. Policy Issue:**

Training and development is pivotal to the growth and expansion of the MSME sector. Presently GOJ provides this service through the JBDC and JAMPRO. JBDC offers:

- Business Advisory Services
- Technical Services
- Industrial Secretariat Services
- Business Incubation
- Marketing Assistance
- Financial Support Services

JAMPRO offers Investment Promotion as well as Trade and Business Development Services. However, the reach of both agencies is limited and surveys indicate that only 5% of the MSME sector is receiving support from either agency. JBDC in an effort to expand its services has established Business Information Centers across the island. Presently they are eleven (11) JAMBICs however these are deemed to be inadequate based on the number of MSMEs in Jamaica. Additionally some of the centers are not fully staffed and rely on the support of partners such as the JCC.

#### **b. Policy Objective:**

To increase access to training and development by MSMEs in areas that will address specific challenges

**c. Policy Recommendations:**

- (i) Institute a Quality Award System for the three segments of the MSME sector; micro, small and medium. (Based on Canadian Model) Solicit support from established entrepreneurs in each of the sectors and ask them to provide one year of mentorship for the winners in each category.
- (ii) Establish SME Business News Web Portal (similar to India's SME Times) that will provide ongoing mentorship for members of the sector. There would be a regulated forum where registered members and resource persons can share information via the Internet.
- (iii) Hosting of quarterly idea exchange sessions for specific clusters. In addition to the exchange of ideas there should be relevant presentations. These may be hosted on a county wide basis e.g. in Montego Bay, May Pen and Kingston.
- (iv) Revitalize the apprenticeship programme whereby students at the secondary and tertiary levels can volunteer for a specific number of hours and receive training in areas of interest and these hours would be counted as a part of the overall certification that the student is pursuing.
- (v) Entrepreneurship should be taught from the primary levels all the way to the tertiary levels. Additionally there should be a practical component where students are encouraged to form businesses and gain useful skills from doing what they have been taught. (This model is used by Commerce Dept at UTECH).
- (v) In order to expand its reach,
- (vi)

- (vii) JBDC should become the Certifying Authority and develop training programmes and a manual for training Master Trainers who in turn will train others. JBDC would train and accredit Master Trainers from Community Based Organizations (CBOs), Faith Based Organizations (FBOs), and private enterprises. In order to ensure that quality is maintained JBDC would develop a system for monitoring and evaluation. Master Trainers would have to do a specified number of hours of training in order to be certified, and Master Trainers should deliver training based on the stated protocols. Additionally Master Trainers are required to do training updates on a regular basis in order to maintain their certification.

## **5.2 Policy Element: Skill Levels in Small and Medium Enterprises (SMEs)**

### **a. Policy Issue:**

SMEs often possess some level of technical expertise which typically requires honing. They sometimes lack the necessary computer software and training such as accounting and human resource management to efficiently carry out their business procedures. E-training is not widely embraced by SME operators and as such they are often unaware of new technical skills which can be beneficial to their enterprises. Additionally several sectors need to modernize and retool as well as apply greater levels of science and technology.

### **b. Policy Objective:**

To increase the level of technical skills in the SME sector

### **c. Policy Recommendations:**

- (i) JBDC will encourage strategic alliances among SMEs to strengthen their technical capacity and reduce their cost of training.

- (ii) MIIC will facilitate the compilation of an online directory of available technical training assistance resources. This information will be made available on the SME Business News Web Portal.
- (iii) JBDC and JAMPRO will partner with other agencies and undertake technical workshops with the aim of showcasing new and emerging methods of business operations.

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## **6.0 INNOVATION AND PRODUCTIVITY**

### **6.1 Policy Element: Low Utilization of Technology**

#### **a. Policy Issue:**

The literature states that technology is “Human innovation in action that involves the generation of knowledge and processes to develop systems that solve problems and extend human capabilities”.<sup>8</sup> The utilization of suitable technology in any organization is a very important determinant of that company’s viability and sustainability in a competitive global market. Unfortunately, most MSME operations tend to be characterized by low technology usage. However there are a few who are very innovative and who have devised systems/techniques that result in considerable savings.

#### **b. Policy Objective:**

To foster greater awareness, and introduce the application of higher levels of technology in MSMEs.

#### **c. Policy Recommendations:**

- (i) MIIC will partner with the MSME Umbrella organizations and will actively promote awareness of the importance of technology in today’s competitive global marketplace. One of the areas that will be given priority is the promotion of marketing through the online social networks and the development of promotional websites.
  
- (ii) In the short term, HEART/NTA will deliver on-the-job sensitization and training modules. Emphasis will be placed on how to make the existing

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<sup>8</sup> Technology Solutions <http://tsolusa.com>

technology more efficient rather than the immediate introduction of new “high-tech” solutions with their attendant costs and learning curves.

- (iii) JBDC will also institute an equipment-leasing programme for MSME’s and provide the practical exposure and training for the managers and staff so as to enhance their ability to work with the technology. This will be facilitated by SRC, JBDC and possibly HEART/NTA for western and central Jamaica.
- (iv) MIIC in collaboration with the MSME stakeholders will establish a database of persons who are in the MSME sector and the services that they offer. This will facilitate persons joining clusters and increase the level of collaboration among members of the sector.
- (v) The establishment of Business Incubators and Entrepreneurial Production Centres (EPC’s) will assist in addressing the technology deficit. In the case of the incubators, those businesses that graduate would have been afforded the opportunity to compete nationally, regionally and eventually globally.
- (vi) For the long term, emphasis will be placed on MOE designing school curriculum (from pre-primary level) to inculcate, throughout the society, an awareness and comfort in using technology. This has been done in other countries, e.g. Japan and India.

## **7.0 TECHNICAL SKILLS**

### **7.1 Policy Element: Lack of Technical Skills in Micro Enterprises and Small and Medium Sized Enterprises**

#### **a. Policy Issue - Micro Enterprises:**

The establishment, growth and viability of micro enterprises have been hampered by the absence of adequate technical skills on the part of owners/managers as well as employees. The problem of inadequate technical skills has manifested itself in numerous ways and may be evidenced in micro enterprises by the lack of basic skills including: computing, bookkeeping, organizational, business compliance, critical thinking, communication and marketing.

#### **b. Policy Objective-Micro Enterprises:**

To increase the level of technical skills in the micro enterprise sector.

#### **c. Policy Recommendations-Micro Enterprises:**

- (i) The MOE will accelerate the wider incorporation of technical/vocational training at the secondary and tertiary levels of the educational system.
- (ii) The MOE will promote the enhancement of apprenticeship programmes to facilitate application of technical learning.
- (iii) Through libraries, youth clubs, the 4H Clubs and other relevant outreach programmes, the MOE will promote awareness of the importance of technical skills in the development and growth of micro enterprises.
- (iv) JBDC will encourage teamwork and collaboration among micro enterprises to enhance their operations.

## **8.0 PROMOTION OF ENTRENEURSHIP**

### **8.1 Policy Element: Inadequate Entrepreneurial Skills**

#### **a. Policy Issue-Micro Enterprises:**

Micro enterprises often lack general proprietary skills which may hamper their development and growth. It is necessary to strengthen the entrepreneurial skills, values and attitudes of micro enterprise operators who are often unaware that entrepreneurship encapsulates more than merely “buying and selling.”

#### **b. Policy Objective-Micro Enterprises:**

To broaden the understanding of entrepreneurship

#### **c. Policy Recommendations-Micro Enterprises:**

- (i) Through libraries and other relevant outreach programmes, the Government will promote entrepreneurship, not just as a means of survival but highlighting its possibilities for generating significant income.
- (ii) MOE will facilitate the teaching and learning of entrepreneurship,
- (iii) MIIC will promote mentorship and online business counseling programmes to encourage the development of the sector.
- (iv) In order to promote the principle of entrepreneurship, MIIC will establish a SME Business News Portal. The Portal will provide information about best practices, creative or innovative steps local SME are undertaking, and services that are available to the SME sector.

**d. Policy Issue-Small and Medium Enterprises:**

Small and medium enterprises need to develop better leadership qualities and have a greater inclination towards taking risks. SMEs must also become increasingly aware of the business environment in order to identify viable business opportunities. As such, SMEs need to engage in better research, market analysis and planning.

**e. Policy Objective-Small and Medium Enterprises:**

To broaden the understanding of entrepreneurship

**f. Policy Recommendations- Small and Medium Enterprises:**

- (i) MIIC in partnership with the umbrella organizations will promote managerial training programmes with the aim of improving:
- Leadership qualities
  - Research techniques
  - Social skills
  - Customer service skills
  - Time management skills
- (ii) MIIC will establish Quality Based Competitions in the SME sector and the reward for these will be mentorship from a successful business leader.
- (ii) JBDC will partner with tertiary training institutions to offer Bachelors Degree programme in entrepreneurship e.g. JBDC and UWI partnered to offer BSc. in Entrepreneurship. UTECH in 2010 started offering a Bachelors Degree in Entrepreneurship

## **9.0 POLICY REACH AND LINKAGES**

### **9.1 Policy Element - Gender Equality**

#### **a. Policy Issue:**

The society must be cognizant of the differences that exist between males and females. Each gender responds to and is affected differently by the same policies. To extend equal rights to all MSME operators it will be important to ensure equality in levels of remuneration, employment, conditions of labour and civic involvement. Studies show that gender influences how a business operator organizes human capital, investments, social networks and goals. These factors in turn affect business structure and success. It is therefore necessary that there be no gender segregation as it relates to the development of MSMEs.

#### **b. Policy Objective:**

To encourage equal opportunity for males and females.

#### **c. Policy Recommendation:**

- (i) MOYC will assist in strengthening programmes that will improve and ensure that there is equal opportunity for both genders.

### **9.2. Policy Element- Policy Review**

#### **a. Policy Issue:**

Given the nature of the small business sector, it will be necessary to review the framework and make amendments as necessary.

#### **b. Policy Objective:**

To provide structures that will support the review of the MSMEs sector.

**c. Policy Recommendations:**

- (i) The Ministry of Industry, Investment and Commerce will establish a mechanism for the collection of information in an effort to identify any issue which may affect the sector. MIIC will undertake regular surveys of the sector and periodic reviews of the policy will be done to ascertain how effective the policy is working.
  
- (ii) In the interest of an integrated approach to policy development, this Policy must be seen in the context of the Vision 2030 Jamaica National Development Plan and the Caribbean Single Market and Economy (CSME). It should also be seen specifically in support of sustainable development, environmental integrity, rational energy use and an equal opportunity to both genders.