



Factors Impacting Female Entrepreneurs in small rural townships in Jamaica: The Old Harbour Experience

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Background

- ▶ The community of Old Harbour lies 5 km west of Spanish Town (the old capital of Jamaica).
- ▶ It is known for its fish and bammy from Old Harbour Bay (largest fishing village in Jamaica)
- ▶ Commercial activities in the town has grown over the past fifteen years due to the rapid growth in its population), caused by the number of housing developments. Projections are that by 2020 the Old Harbour area will see a 20% growth in population with a further 33% by 2030 (Old Harbour Economic Profile, 2016).
- ▶ In the Town, large corporations have established branch offices alongside small/mirco enterprises (SMEs) owned and operated by locals. Some of these SMEs are owned by women; many having little or no formal training in business but have managed to hold their own alongside their male counterpart.

Female Entrepreneurs in Old Harbour

- ▶ In rural communities, high unemployment drives women to start their own businesses to take care of themselves and their families (GEM, 2014).
- ▶ Women lack confidence in their ability to start and grow businesses; they start businesses out of financial necessity(desperation); prefer to keep the business small to maintain control; do not see themselves as the 'boss' (Hadary, 2010; GEM Caribbean, 2014).
- ▶ Women owned businesses will not survive or grow as well as their male counterpart.
- ▶ Some solutions to address these unique challenges:
 - ▶ Provide access to funding supported by government policy (World Bank Report, 2015)
 - ▶ Provide training and mentorship (Waddoups, 2011; Smith, 2015).
 - ▶ Intervention by WBO Jamaica Limited through their education and mentorship project

Statement of the Problem

- ▶ Jamaica's national development plan, Vision 2030, identifies entrepreneurship as an effective driver for national growth and development. Challenges faced by SMEs in developing countries are well known - poor technical and business skills, lack of financing, taxation, low capacity of innovation, etc., (Policy Brief for GEM Jamaica, June 2014).
- ▶ Government and private sector policies seem focused on supporting male owned SMEs in urban areas.
- ▶ Female entrepreneurs is said to lack confidence in their ability to start and grow businesses; they start businesses out of financial necessity; prefer to keep the business small to maintain control; and do not see themselves as the 'boss' (Hadary, 2010; GEM Caribbean, 2014).

Purpose of the Research

- ▶ Recommendations ranged from financing through to the need for training in business strategies (Waddoups, 2011; Smith, 2015), has not fully yielded the desired effect, particularly in rural communities.
- ▶ In rural communities, high unemployment drives women to start their own businesses to take care of themselves and their families (GEM, 2014). However they lack confidence in their ability; they start businesses out of financial necessity(need); prefer to keep the business small to maintain control; do not see themselves as the 'boss' (Hadary, 2010; GEM Caribbean, 2014).
- ▶ The purpose of the study is to identify the drivers that motivate women to start businesses in the town of Old Harbour; their choice of business; funding options chosen; challenges faced during start-up; and strategies used in keeping the business afloat.

Significance of the Research

- ▶ There is very little information on SMEs in rural parishes in Jamaica. Both the PIOJ and Parish council had no data on the number of SMEs in Old Harbour, more so female entrepreneurs.
- ▶ The research is intended to shed light on what motivates female entrepreneurs to start businesses, particular in rural areas.
- ▶ It is hoped that this research will add to the literature on SMEs in Jamaica.

Research questions

- ▶ The research sought to answer the following questions:
 - a. What motivates women to start their own businesses in rural areas?
 - b. What were the challenges faced during startup of business?
 - c. How were the businesses financed?
 - d. What are the strategies used to keep businesses afloat?

Methodology

- ▶ This exploratory research used Snowball technique to gather data
- ▶ Instruments- Questionnaire and Interview schedule.
- ▶ Population - Female business owners with 3 or more full-time employees, living and operating businesses in the town of Old Harbour. Ten (10) persons fit the category and all were contacted
- ▶ Sample – Six (6) consented to the participate in the research; two (2) agreed to a follow-up interview.

Key Terms

- ▶ Female Entrepreneurs: those who have initiated businesses and have been actively involved in managing it... and have been in operation for one year or longer (Moore & Butter, 1997, p.13).
- ▶ Start-up: for the purpose of this research, this refers to the initial plan and implementation of a new business venture.
- ▶ Rural Township – semi-developed communities with institutions and modern facilities similar to those found in cities but business centres are largely occupied by small businesses (Seeletse, 2012). For the purpose of this research, rural townships refer to designated area for commercial activities within communities outside parish capitals; with similar types of businesses as those in major cities in Jamaica.

The Data

- An overview of the participants

Participants	Marital status	Education	Age	Business	Years in business	Full-time employees
1	married	High School	35-44	Wholesale	3	3
2	Single	Masters	35-44	Supermarket	10	10
3	No response	Degree	no response	Grocery Store	3	3
4	married	Degree	35-44	Floral Store	13	2
				Hardware store	2	4
5	married	Diploma	35-44	Beauty Salon	17	9
				Beauty Supply Store	4	3
				Full Spa Services	1	8
6	married	Degree	35-44	Legal Office	8	4

Research question 1: *What motivates women to start their own businesses in rural areas?*

- ▶ Women who owned businesses in Old Harbour had different motivation to start their businesses. Responses were:
 - ▶ *Always wanted to be my own boss, treat people with respect and empower them*
 - ▶ *I love to be in control of my destiny*
 - ▶ *I wanted to have more autonomy over my time so I could spend more time with my family. Also, I have two siblings and a niece who were lawyers and I thought we had all the resources to start a family business, I believe in the creation of wealth.*
- ▶ The central theme throughout the responses was control. Control over their finances, time and destiny.
- ▶ Their choice of business was related to their training or love of the industry

Research question 2: What challenges were faced during the startup of new businesses?

- ▶ In general, women business owners had challenges in finding competent workers; pricing of goods; and learning how to run a business.
 - ▶ *Ensuring that I had enough funds to cover expenses for at least 6 months. Obtaining the necessary experience to take on matters that I wasn't necessarily experienced in. Learning the business aspect of the business, billing, collections, tax returns and income returns.*
 - ▶ *Learning to stay the course even when the pressures become overwhelming;*
 - ▶ *Money support from people and not having the right price or getting the right price.*
- ▶ The benefits of having a business in a rural town were security, little competition, near home and family:
 - ▶ *Old Harbour is a small town, very unattractive and so persons consider it to be poor for business and so the competition is not great. Old Harbour is a growing town and thus the scope for legal work is increasing. Clients from the country are afraid of going into Kingston, Old Harbour is a safe middle ground.*

Research question 3: How were the businesses financed?

- ▶ Women used their personal funds to start their businesses. Interestingly the 3 respondents who answered this questions all owned more than one business.
- ▶ Their responses:
 - ▶ *Savings and family member;*
 - ▶ *I started the business at home on my mother's verandah;*
 - ▶ *I had two part-time jobs in addition to my full time job, all the funds earned for one year from those extra jobs were saved to start-up the business.*

Research question 4: What strategies are used to keep the businesses solvent?

- ▶ It appears that not many women use technology in promoting their businesses. For those who do use technology it is on a small scale. Most rely on recommendations from their clients ('word of mouth'), their reputation and customers' loyalty, to keep them in business.
- ▶ Some responses were:
 - ▶ *Towncry, word of mouth, flyers, internet advertising; Quick sale; Technology, email, text messaging, word of mouth;*
 - ▶ *We advertise through the quality work done. We are transparent and we operate with integrity.*
- ▶ Respondents viewed close proximity to family as well as low competition as some benefits to establishing businesses in their hometown. They also felt that they were giving back to their community by offering these services.

Interview with the owner of 3 businesses



Findings and Discussion

- ▶ The research revealed that not all women started their businesses out of necessity. Some were motivated by wealth creation, autonomy and improving their community.
- ▶ Most women started businesses in their area of training as well as interest in the industry – law office, beauty salon and flower shop; grocery stores and supermarkets
- ▶ Women who saw themselves as Entrepreneurs looked for opportunities to grow their businesses. Their motivation was different from those who saw themselves as business owners.
- ▶ Entrepreneurs' motivation for starting business were to be 'the boss'; have control over their destiny and autonomy in their career choices. This is contrary to Hadary's (2010) argument that women are not motivated to be the boss nor grow their businesses as their male counterpart.

Findings and discussion (cont'd)

- ▶ Female entrepreneurs who owned more than one business, seem to have what Xavier, et. al. (2012) called entrepreneurial skills - leadership, confidence, interpersonal skills, creativity and are focused on wealth creation.
 - ▶ *I wanted to be able to have more control over my working hours. I wanted to show that flexible working hours are beneficial to any company. I wanted to create employment for others. I want to create a legacy for my children and my siblings children.*
 - ▶ *My dream and my vision is not just to build a multi-million dollar company but my dream is to ensure that women are (you know) employed.*
- ▶ Risk taking can also be associated with these female entrepreneurs; they look for opportunities to expand/grow their businesses.
- ▶ Most of the respondents had some level of training. Ones with higher qualification, showed more entrepreneurial skills, leading to more growth and sustainability of their businesses (Smith, 2015; Xavier, et. al. 2012).

Conclusion

- ▶ The research sought to identify factors that motivated female entrepreneurs to start businesses in rural townships. Although some factors correspond with literature, findings revealed that:
 - ▶ Women are not only motivated by the need to survive; but also by wealth creation, control, family and community.
 - ▶ Not all female entrepreneurs doubt their abilities to grow their businesses; some are confident in long-term success
 - ▶ Advantages of having business in rural area were - little/no competition, in close proximity to family and friends, safety (they know their customers on a personal level), and minimal expenditure on promotion.
 - ▶ Some female entrepreneurs are high risk-takers, expanding their businesses outside of the rural area into Kingston.
 - ▶ Women who think of themselves as entrepreneurs tend to start business for wealth creation rather than being content in owning their own business

Conclusion/Recommendations

- ▶ The risk of failure seem to be the underlying factor why female business owners start their businesses with their own capital.
- ▶ The entrepreneurial spirit is quite evident in rural townships but lack of information and support in financing can stifle growth for some SMEs.
- ▶ PIOJ's recommendation for community renewal programmes be implemented in rural townships throughout the island, to spur economic renewal/growth.
- ▶ A large scale research be done on SMEs in rural communities to better plan policies/strategies for Jamaica's sustainable development

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