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## Jamaican micro/small entrepreneurs: A comparative assessment of their motivations and problems

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## **Jamaican Micro/Small Entrepreneurs: A Comparative Assessment of their Motivations and Problems**

### **Introduction**

Jamaica has a population of approximately 2.8 million people with approximately 46% making up the labor force (Statistical Institute of Jamaica, 2011) with a per capita GDP- PPP of US\$8,812 (World Economic Outlook , 2010). Jamaica's economy has however, experienced low or negative economic growth and high unemployment rate since the 1980's. Globalization and new international standards have contributed to the competitive nature of the economic landscape, which has become a challenge for many Jamaican businesses within the formal sector, hence, forcing many of them to restructure and reengineer. This has therefore led to the displacement of workers through downsizing of the enterprises. Additionally, the collapse of the financial sector, which affected the economy in the late 1990's also displaced a large number of the workforce involved in financial and other services provision. Hence, the ability of the formal sector to absorb these workers was limited (Miller-Stennett, 2002). Under the existing conditions, it is difficult and sometimes impossible for low skilled workers to secure meaningful employment.

A number of studies have shown that micro and small businesses have a major influence on the economy of a country. Pisani and Patrick (2002) purported that the promotion of micro enterprises is an engine of growth in developing economies while, De Soto ( 2000) and Ortiz (2001) further submitted that micro and small enterprises are seen as a poverty alleviation tool for developing nations. Additionally, Vrchota and Rehor (2017) stated, SMEs play a significant part in economic activity through employment, innovation, and growth. Jamaica is considered one of the most entrepreneurial countries according to the Global Entrepreneurship Monitor

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3 (GEM) report, displaying high prevalence rates of early stage entrepreneurial activity in the areas  
4 of business and consumer services. The report further revealed that there was increasing activity  
5 of business and consumer services. The report further revealed that there was increasing activity  
6 taking place within the construction sub-sector and the business services sector such as  
7 consulting and computer networks (Glasgow, Williams-Myers, Skeete & Ismail, 2006).  
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13 Over the years, the government of Jamaica has tried to promote the development of micro  
14 and small businesses through the provision of training, financial and technical assistance. This  
15 has been guided in recent years by a National Industry Policy (NIP). This is done in order to  
16 integrate the productive aspect of the sector into the process of national development, hence  
17 enhancing the ability to contribute to social equity and the conservation of the environment.  
18 However, a number of constraints are faced by these small enterprises, such as limited capital,  
19 limited skills, and instability in the macro environment. Through various initiatives, the  
20 government is seeking to stabilize the economy, which is expected to have a positive impact on  
21 the sector.  
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35 The objective of this paper is to assess the motivation, perceived success factors and  
36 challenges in entrepreneurship as experienced by three sub groups of micro and small  
37 entrepreneurs in the urban informal sector of Kingston and St. Andrew. The study is important  
38 as it will highlight the needs of the entrepreneurs, areas in which problems exist and the  
39 impediments in accessing capital and other needed resources. The results of the research will  
40 also provide a platform and forum to influence public policy, research and practice of  
41 entrepreneurship. Furthermore, the analysis should give entrepreneurs a clearer understanding of  
42 risks, reasonable expectations of the chance for success, and foresight as to potential problems in  
43 different industries and at different stages of business development.  
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## Theory and Research

Dou and Zolnik (2011) posited that over the last two decades, a new concept of capital (social capital) has emerged to explain entrepreneurship in the knowledge economy. In addition, social capital promotes knowledge production and exchange in research, education, and commercial R&D processes (Westlund, 2006). Hence, social capital has been regarded as an important driver of entrepreneurship. According to Liao and Welsch (2005), the theory of social capital has made significant inroads into entrepreneurship research. It plays an important role in venture creation and entrepreneurs may exhibit a unique pattern of associations among the various dimensions of social capital. Burt (1992) suggested that social capital is a quality created between individuals and is referred to as an opportunity. Nahapiet and Ghoshal (1998) further, view social capital as the sum of actual and potential resources embedded within, is available through and is derived from the network of relationships possessed by individual entrepreneurs. As a set of relationships, social capital has several different attributes that are categorized into three clusters: the structural, the relational and the cognitive dimensions.

A fundamental proposition of social capital theory is that network ties provide access to resources and information. Hence, structural capital defines the potentials or possibilities for nascent entrepreneurs' capacity to access information, resources and support that are critical to venture creation. Putman (1993) submitted that this kind of social capital encourages cooperative behaviors, thus facilitating the development of new forms of association and innovativeness. The relational dimension of social capital embraces the kind of personal relationships people develop through a history of interaction (Granovetter, 1992). It therefore focuses on particular relationships that people have such as trust, respect and friendliness. Hence, the entrepreneur with a higher degree of trust and trustfulness will be able to leverage such

relationship to their advantage. The ‘cognitive dimension’, which has been downplayed in the social capital literature, is considered to be those resources that provide “shared representations” interpretations and systems of meanings among parties (Nahapiet and Ghoshal, 1998, p.423). Liao and Welsch (2005), concluded that without networks (structural capital), entrepreneurs would be less likely to develop trustful relationships (relational capital), subsequently hampering the formation of shared norms and values in supporting venture creation (cognitive capital). The emerging literature therefore, emphasizes networks as a vital element of social capital and affirms the strong relationship between social capital building and successful economic development.

### **Motivation**

The research literature on the motivation of entrepreneurs has expanded considerably in recent years with the use of two broad approaches: (a) asking entrepreneurs directly why they create their businesses; and (b) using psychometric scales (Cromie, 1987). Empirical studies using method (a) have revealed the following popular expressed motives for starting their own businesses: autonomy (O’Connor, 1983; Storey, 1982) achievement (Cross, 1981; Storey, 1982) making money (Cross, 1981; O,Connor, 1983; Storey, 1982, Ozsoy, Ozsoy and Kozan, 2001) desire to exploit a market opportunity (Gibb and Ritchie, 1981; Murray, 1983) and desire to innovate ( Scott, 1976).

The use of the psychometric methods also confirmed that achievement and autonomy are among the important motives for starting a business (McClelland, 1965). According to the GEM 2008 Jamaica report, Jamaicans are motivated to become entrepreneurs out of necessity (51%) and 48% were opportunity driven. The report further revealed that most entrepreneurs saw

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3 independence (55%) as the major driver of opportunity entrepreneurship followed by the  
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5 opportunity to increase ones income (31.7%). . Benzing, Chu and Callanan (2004) in their study  
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8 on 'Motivations and Problems of Vietnamese Entrepreneurs' also showed some support for a  
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10 motivation model.  
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### 12 13 **Perceived Success Factors**

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16 Prior researches have shown several possible factors that are critical for success. Yusuf,  
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18 (1995), indicated and classified four most critical success factors as perceived by the South  
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20 Pacific Small business people to be: good management; satisfactory government support;  
21  
22 marketing factors; and overseas exposure. Gartner, (1988) further concentrated on three types of  
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24 success factors: (1) the psychological and behavioral traits of entrepreneurs; (2) the managerial  
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26 skills of entrepreneurs and (3) the external environmental factors.  
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31 Further studies done by Busch (1989), Huck and McEwan (1991) and Gosh, Kim, &  
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33 Meng (1993) asked entrepreneurs in emerging countries to identify the management skills and  
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35 environmental factors critical for success and they came up with factors such as: good  
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37 management; planning and budgeting; good marketing techniques; access to finance; personal  
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39 qualities and satisfactory government support. In addition to the factor analysis, success (as it  
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41 relates to profit) in this study were measured by a combination of four variables: a) current  
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43 average net sales, b) average net sales for the previous year c) current number of employees and  
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45 d) number of employees in the previous year.  
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### Problems/Challenges

Much of the research on small business failures is reported by Haswell and Holmes (1989). They reported that managerial inadequacy, inexperience, incompetence, among others were consistent theme explaining why small businesses fail. Aspects of poor management are reported to be connected to several related issues such as poor financial conditions, inadequate accounting records, limited access to necessary information and lack of good managerial advice. Many of the factors that are used to explain problems faced by small businesses also appear as factors critical to small business success.

Kozan, Ozsoy and Ozsoy (2006) submitted that small business problems in Turkey are attributed to personal and environmental issues such as the entrepreneur's background and political obstacles. Busch (1989) in his study on Small Business Hurdles in Ecuador pointed to: lack of education and training; lack of trust for non-family members; non reliance on employees to follow directions; limited economies of scale; limited capital (foreign exchange); and unwillingness to share information as challenges faced by the small businesses. Constraints on small businesses in Nigeria were attributed to lack of financing, poor infrastructure, difficulty obtaining machines, spare parts and raw materials as well as government policies and attitudes of public officials (Mambula, 2002). A study done by Rogoff, Lee and Suh (2004) reported that similar factors as described by previous researchers posed challenges for small business people, however they further categorized the factors into internal (relating to entrepreneurs personal characteristics) and external (finance, economic conditions, government regulations, technology, environmental factors).

## Method and Procedures

### Research Questions

Three research questions were formulated to guide the basis of this paper:

1. What is the motivation behind the decision to become a micro/small entrepreneur and are there differences among the three subgroups (HEART, Market & Higglers)?
2. What are the perceived factors that contribute to entrepreneurial success and are there differences among the three sub groups (HEART, Market & Higglers)?
3. What is the nature of the problems encountered by the Jamaican micro/small entrepreneurs and are there differences among the three sub groups (HEART, Market & Higglers)?

Question one was framed to indicate to what extent respondents agree that certain factors reflect their motivation in becoming a micro/small entrepreneur. Were they motivated by independence/autonomy, intrinsic or family security factors to become entrepreneurs or did they do this because there was no other way out (necessity)? Question two was asked to determine what specific factors predict success for the micro and small entrepreneurs in Jamaica as well as other contributing factors. Success was operationally defined as profit. The third question was asked to identify major challenges or problems that are being faced by the micro and small entrepreneurs and to what degree. The questions were also used to determine if there were similarities or differences among the three groups of entrepreneurs.

This paper therefore focuses on the micro and small business people/entrepreneurs within selected markets and arcades as well as those trained by the National Training Agency of



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2  
3 Jamaica (HEART Trust/ NTA). These micro and small entrepreneurs are considered to be very  
4 influential in a country's economy, for the mere reason that they create jobs and provide an  
5 income for the population (Parker, 1996). Hence, the author thought it would be of interest to  
6 look at these people who are often considered insignificant in Jamaica and see what motivated  
7 them to take such route and how they are surviving. Practice in conducting micro and small  
8 businesses determines to a large extent how well average families live and what goes on in the  
9 village or city market (Hiemstra, Van der Koogy and Frese, 2006).

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20 These entrepreneurs were located within the Kingston Metropolitan area of Jamaica.  
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22 Entrepreneurs from the HEART Trust/ NTA were owner/operators of micro and small businesses  
23 managing their businesses alone as well as employing five or less persons. The HEART  
24 entrepreneurs were accessed via the HEART Trust/NTA database. Additionally, they were  
25 specially considered because they received some form of entrepreneurial training through the  
26 HEART/Trust NTA which is the National Training Agency of Jamaica. Additionally, the  
27 researcher wanted to see whether the training makes a difference to their motivation or alleviate  
28 any problems they might experience.

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39 The Higglers and Market groups were those micro and small business people who  
40 operate their businesses within the confines of the arcades, markets and side streets. These  
41 people are many and varied in Jamaica and operate mainly within the retail, wholesale, garment  
42 and manufacturing industries. The population was however confined to clusters of entrepreneurs  
43 within the metropolitan areas of Kingston because of proximity to the researcher and surveyors.

### Sample Selection

The sample for the study were three sub groups: (1) 39 micro and small business people trained by the HEART Trust/NTA who were all randomly selected from the database of the HEART Trainees (2) 89 micro and small business people from the Higgler community and (3) 64 micro and small entrepreneurs from the Markets and side streets. The latter two groups were sampled based on the purposive sampling technique. This sampling technique was used because the researcher was researching informal businesses which often have undocumented data (Pisani, Richardson & Patrick, 2008).

### Data Collection Procedure

An initial informational letter was sent to the prospective HEART participants by mail with the criteria for participation. Subsequently, the survey instrument, along with a letter of consent was then mailed to 54 participants generated from the HEART database. Further telephone contacts were made by the researcher to explain the consent form and to remind participants to return the completed survey instruments. Twenty six questionnaires were returned by mail with one deemed incomplete and was removed from the analysis. The researcher administered a further 14 questionnaires to the HEART group via the telephone in order to increase response rate.

Incentives in the form of phone cards and lunch tickets were given to participants within the Market and Higgler groups. Incentives were given after completing the instrument and after investigators conduct the interviews. Participants were not informed of incentives by the investigators prior to participation. A total of 200 survey instruments were administered, 192

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3 were considered usable. Scheduling and administering of survey instrument were covered over a  
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5 two month period.  
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### 8 9 **Research design and Instrumentation**

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11 The design tracked a descriptive survey approach with multivariate analysis. A structured  
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13 questionnaire was developed from a review of the literature and used to collect the data with  
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15 some semi-structured open-ended flexible questions. The structured questionnaires with Likert-  
16  
17 type items were used to increase the reliability and the validity of the responses obtained. While  
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19 the open –ended questions were used to gain a better understanding of the background and  
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21 experience of the respondents and to allow for diverse reactions. These open ended questions  
22  
23 also aid in strengthening and triangulating of the findings.  
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28 The instrument was divided into four sections. Section A addressed the motivation  
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30 factors and consisted of 15 items. The strength of the perceived success factors which entails  
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32 section B consisted of 29 items. The problems encountered were found in section C and  
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34 comprised of 20 items. The demographic information was highlighted in Section D and contains  
35  
36 some open-ended questions. The Instrument was pilot tested with a small sample of the  
37  
38 population, doctoral examining committee and country experts. Cronbach's alpha reliabilities  
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40 were determined for three sections of the instrument averaging a reliability score of .92.  
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### 45 46 **Characteristics of the Sample**

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48 Table 1 revealed the characteristics of the 192 entrepreneurs sampled. A total of 150  
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50 (78%) respondents were females and 42 (22%) were males. All the groups were dominated by  
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52 females with the Higglers category having the most (79) respondents. The highest number of  
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respondents was found within the 31- 40 age group with the least being in the ‘under 20’ age group. Of note were 8 respondents who were found in the ‘over 60’ age group. One hundred and sixteen (116) of the respondents attained Secondary/High School education with 4 obtaining university level education. The HEART group recorded the highest percentage of respondents completing the highest level of education. This could be as a result of them entering the study with initial training and there is the probability that they are the youngest entrepreneurs’ fresh from out of school. When asked how long they have been in business, 56 (29%) respondents indicated over 15 years while 35 (18%) were in business for less than 3 years. The HEART and Market groups had the highest number of participants in the “under 3 year’s” category, which suggest that there were many new entrants to entrepreneurial activities within those groups. The Higglers group was noted to be in business for the longest period in all the categories. Length of time in business could suggest experience as well as success.

**(Insert Table 1 here)**

Table 2 summarizes the business characteristics. The majority-117 (60.9%) of the respondents were in the wholesale/ retail trade, 31 (16%) in the agricultural business, 25 (13%) in services, 18 (9.4%) in manufacturing and 1(5%) in construction. Most of the Higglers participants are in the wholesale/retail trade, while the Market group showed most of their participants falling within the wholesale/retail trade and the agriculture industry. The HEART group was the only group with participants in the construction industry. They were also fairly spread across the other four industries. The decision to sell their products/services was greatly influenced by demand (55) for the product as well as family tradition (42). Twenty eight (28) participants indicated ‘good source of supply’ and a mere 19 said they got funding for it. When asked what their source of funding was, the majority (113) of participants indicated personal

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3 savings while 25 said family/friends and partner/spouse respectively. Only 17 participants  
4 indicated that they got funding from a financial institution which could imply that they have very  
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6 little or no collateral to secure loans.  
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11 **(Insert Table 2 here)**  
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14 Overall, the Higglers group dominated in nearly all the categories of income followed by  
15 the Market group. It was note worthy that none of the HEART entrepreneurs were found within  
16 the (\$90,001-110,000) and (over \$110,000) income categories. This might possibly explain why  
17 most of the HEART entrepreneurs were found within the “under 3 years” category when asked  
18 how long have they been in business. Most of the participants in all three groups indicate that  
19 their gross income range per month is under \$30,000, possibly being cautious or not wanting to  
20 divulge too much in terms of earnings.  
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### 30 31 **Data Analysis** 32

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34 Three research questions were developed to frame the approach to analysis. The  
35 questions focused on factors that might influence the motivations, success, and problems  
36 experienced by three sub groups of micro and small entrepreneurs in Jamaica. The Statistical  
37 Package of the Social Science (SPSS) was used to analyze the data after coding. Data were  
38 analyzed in groups and according to research questions. All of the research questions along with  
39 demographic data utilized descriptive statistics (means, standard deviations and percentages) to  
40 report frequency distributions of respondent’s findings.  
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50 Mean rankings and exploratory factor analysis were further conducted on all research  
51 questions to determine which factors were ranking highly and which ones were grouping  
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3 together. Because most of the data for the study was purposively gathered and have sample  
4 groups of unequal sizes, the Kruskal-Wallis test (a non-parametric test) was also performed on  
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6 the three research questions to compare rank mean differences between the three groups on  
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8 particular factors. To determine what specific factors predict success for the micro and small  
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10 entrepreneurs in Jamaica, a multivariate analysis of variance (MANOVA) was also performed.  
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## 14 15 **Results**

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18 **Motivations.** Respondents were asked to indicate to what extent they agree that fifteen  
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20 statements reflect their motivation in becoming a micro/small entrepreneur. The extent of  
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22 agreement on each statement was rated on a five-point Likert-type scale where (5) is “strongly  
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24 agree and (1) is “strongly disagree. Overall results revealed that the three groups were highly  
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26 motivated by similar factors to become entrepreneurs. The Market and Higglers groups were  
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28 strongly motivated by the independence/autonomy factors while the HEART group showed a  
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30 mixture of independence and intrinsic factors, as strongly motivating their decision to become a  
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32 micro or small entrepreneur.  
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37 The Kruskal-Wallis test was used to compare the mean rank differences of the three sub  
38  
39 groups on the motivation factors. Of the fifteen statements, three showed significant mean rank  
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41 differences as revealed by the following Chi-Square test statistics: “Challenges business  
42  
43 operation brings” ( $\chi^2=7.183$ ), (df =2), (p=.028), “Wanting to prove I can do it” ( $\chi^2=5.698$ ), (df  
44  
45 =2), (p =.058) and “To increase my income opportunities” ( $\chi^2 = 7.023$ ), (df =2) and (p =.030) at  
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47 the .05 level. Findings suggest that each sub group was ranking differently in their motives on  
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49 these specific items.  
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3 A factor analysis (Table 3) was also conducted on the Motivation factors to see whether  
4 there were sub themes running through the data. Overall, the item analysis of the three factors  
5 suggested in the factor analysis revealed that the factors were highly reliable based on the  
6 number of items in each scale. Resulting coefficient Cronbach's alpha reliabilities was  
7 approximately .81 for the factors. These findings could provide some support for a motivation  
8 model as set forth in the literature.  
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18 **(Insert Table 3 here)**  
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21 **Perceived Success Factors.** Success was operationally defined within the study as profit.  
22 To determine what specific factors contributed to success for the micro and small entrepreneurs  
23 in Jamaica, a MANOVA (Appendix) was performed on the dependent variables and the  
24 independent variables in order to examine the differences of these variables. Overall, results  
25 indicated that all four dependent variables are possible predictors of success for the micro and  
26 small entrepreneurs within the three subgroups. However, 'current number of employees' would  
27 be the least among the predictors since there were only two categories of people that were either  
28 employing or not employing people.  
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39 Respondents were further asked to indicate to what extent they agree that some listed  
40 factors might also contribute to their success. There were 29 items each to be rated on a five-  
41 point Likert-type scale in which (5) is "strongly agree and (1) being "strongly disagree".  
42 Overall, the item analysis of the five factor solution suggested in the factor analysis (Table 4)  
43 revealed that the factors were highly reliable based on the number of items in each scale. The  
44 findings indicate possible support for the critical success factors of the micro and small  
45 entrepreneurs in Jamaica.  
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3 The statements and their mean scores that were ranked in the top five position by all the  
4 groups were “works hard - 4.69”, “Has good customer service skills - 4.59”, “Increases his/ her  
5 sales overtime - 4.58”, “Seeks new markets/customers - 4.69” and “Sells quality goods or  
6 services at competitive prices-4.69”. These factors would suggest the more critical success  
7 factors for the micro and small entrepreneurs within the three subgroups.  
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15 **(Insert Table 4 here)**  
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18 **Problems/Challenges.** Respondents were asked to indicate to what extent they agree that  
19 twenty items reflect problems they encountered as a micro/small entrepreneur. The extent of  
20 agreement on each statement was again rated on a five-point Likert-type scale. The items that  
21 were ranked in the top six position were ‘weak economy’, ‘low sales volume’, ‘lack of adequate  
22 financing/capital’, ‘poor infrastructure’, ‘crime and violence’, and ‘too much competition’. These  
23 could be considered major factors that reflect problems for the micro and small entrepreneurs  
24 among the three sub groups. The ranked means for these items ranged from 4.19 to 3.48.  
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34 A factor analysis (Table 5) was also employed to identify the interpretable clusters that  
35 existed among the 20 items. The program was forced to extract four factors for clarity and ease  
36 of interpretation. Eigenvalues greater than one and a cumulative variance of 53.2% were  
37 extracted. The first factor (training/resources) contributed 19.6% of the variance explained by  
38 each factor, the second factor (economical) contributed 11.8%, the third (security) contributed  
39 11.7% and the fourth (government regulations) accounted for 10.0% of the variance explained by  
40 each factor. Identifiable clusters could be depicted and interpreted. Eight items were loaded on  
41 to factor one which constituted the highest factor loadings ranging from .48 to .85. Factor two  
42 clustered five items with loadings ranging from a low of .40 to a high of .79. The third and forth  
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factors loaded three items each ranging from a loading of .58 to .75 and .63 to .77 respectively.

The four factor solution showed that the factors were highly reliable based on the result of the Cronbach's alpha coefficient of .85 and the number of items loaded on each factor.

(Insert Table 5 here)

## Summary and Discussion

Findings of this study are discussed relative to the three major research questions identified. Key motivations behind the decision to become a micro or small entrepreneur were among the independence/autonomy factors. Because of the weak economy and high unemployment in Jamaica, the need for independence and additional income became strong motivating factors for these entrepreneurs. Additionally, in a society where crime and corruption is very widespread, political connections and money sometimes help to determine who will obtain a job. Hence, qualified individuals without connections or money more often end up being unemployed (Benzing, Chu, & Callanan, 2003). Situations like these encourage many people to start their own business which then gives them the opportunity to be their own boss, to increase their income and acquire personal wealth.

The statements that suggest critical success factors for the micro and small entrepreneurs within the three subgroups were ranked highly among the behavioral and growth factors. Perceptions of success factors may be partially determined by the competitive level of the market. Entrepreneurs experience and anticipate high levels of competition for their products and services which might indicate the need for new technologies and exploring market potentials outside of the country. When faced with highly competitive markets, entrepreneurs may perceive marketing skills as more critical success factors. Many of the Jamaican entrepreneurs were in

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3 similar areas of business and selling similar goods and services thus making business very  
4  
5 competitive.  
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7  
8 The majority of entrepreneurs revealed that the following factors reflect major problems  
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10 for their businesses: weak economy, low sales volume, lack of adequate finance/capital, poor  
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12 infrastructure, crime and violence and too much competition. All statements were loaded on the  
13  
14 economical factor, except for crime and violence which was loaded onto the security factor. In  
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16 most developing countries entrepreneurs rely on their own savings as their primary source of  
17  
18 capital which was evident in the case of the Jamaican entrepreneurs. Hence, most Micro and  
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20 Small Entrepreneurs (MSEs) suffer from insufficient capital. They are often faced with  
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22 exorbitant interest rates and cannot meet the collateral requirements for commercial loans. This  
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24 lack of capital may therefore hinder their success and growth.  
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### 28 **Policy Implications**

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31 Promotion of entrepreneurship offers the opportunity to diversify employment and  
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33 income-earning alternatives for a large portion of the economically active population (Pisani and  
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35 Pagan, 2004). There are numerous management and economic issues that may be addressed by  
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37 local and regional initiatives. The government may need to look more closely at entrepreneurial  
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39 education and training, advertising and promotion expertise, technological and other  
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41 infrastructural development to better assist micro and small entrepreneurs. Focusing on creative  
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43 credit facilities for MSMEs and the level of crime and violence are also imperatives.  
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47 Leveraging the local academic, scientific and research base will be critical to success  
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49 through the creation of technology transfer offices (Lerner, 2010). It is also important for  
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51 research in entrepreneurship to explain factors that contribute to or hinder entrepreneurial  
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53 success in a more comprehensive way. A pedagogical shift is therefore needed to ensure that  
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3 individuals, especially young people, have the skills to function effectively as workers and  
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5 citizens of the 21<sup>st</sup> century (Kivunja, 2014).  
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### 10 **Conclusion**

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12 According to the results of this study, micro and small entrepreneurs within the three sub  
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14 groups face similar issues. While at the same time there are some meaningful differences in  
15  
16 motivation, perceived success factors and problems. Some of the differences result from  
17  
18 education and training, increasing income opportunities, location of business and challenges  
19  
20 business opportunity brings. Jamaican micro and small entrepreneurs are strongly motivated by  
21  
22 the independence and intrinsic factors to become entrepreneurs. Results also indicated that the  
23  
24 economy provoked people to undertake entrepreneurship and should therefore not be a hindrance  
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26 to the entrepreneurs. The micro and small entrepreneurs see entrepreneurship as a means of  
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28 solving their unemployment problems and have therefore become involved in entrepreneurial  
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30 activities out of necessity.  
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## APPENDIX

## RESULTS OF MANOVA-BETWEEN-SUBJECTS EFFECTS ON PREDICTORS OF SUCCESS

Independent Variables	Dependent Variables			
	Current sales F	Previous Year's Sales F	Current # of Employees F	Previous Year's # of Employees F
Group	3.411*	3.347*		
Gender	4.917*	13.063***		
Manufacturing		7.422**		
Services		10.853**		
Construction		4.483*		
Wholesale/Retail		7.207**		
Agriculture	4.272*	9.886**		
Primary	17.672***	39.042***	8.836**	16.517***
Secondary	13.768***	32.983***	5.947*	14.862***
Community College	7.608**	14.850***		4.139*
Vocational	8.033 **	21.696***	5.333*	11.986**
College	11.861**	21.107***		5.487*
All Age	11.934**	27.340***	6.923**	15.057***
Adjusted R <sup>2</sup>	<b>.142</b>	<b>.279</b>	<b>.054</b>	<b>.111</b>

NOTE: \*p≤ 0.05 \*\*p≤ 0.01, \*\*\*p≤ 0.001

## List of Tables

**TABLE 1**  
**CHARACTERISTICS OF ENTREPRENEURS**  
**(Total sample  $n = 192$ )**

	<b>HEART</b>	<b>Market</b>	<b>Higgler</b>	<b>Total</b>
Gender				
Male	13	19	10	42
Female	26	45	79	150
Age Group				
Under 20	1	0	4	5
21 – 30	12	10	15	37
31 – 40	13	18	29	60
41 – 50	10	20	27	57
51 – 60	2	11	12	25
Over 60	1	5	2	8
Education Level				
Primary	1	23	7	31
Secondary/High	29	27	60	116
Community College	1	0	5	6
Vocational Institute	2	3	6	11
College	3	3	8	14
University	1	2	1	4
All Age School	2	6	2	10
Time in Business				
Under 3 years	14	14	7	35
3 – 5 years	8	8	9	25
6 – 8 years	7	5	19	31
9 – 11 years	6	11	12	29
12 – 14 years	2	4	10	16
Over 15 years	2	22	32	56

**TABLE 2**  
**BUSINESS CHARACTERISTICS**

Descriptor	HEART	Market	Higgler	Total
Nature of Business				
Manufacturing	9	4	5	18
Services	10	6	9	25
Construction	1	0	0	1
Wholesale/Retail	11	31	75	117
Agriculture	8	23	0	31
Decision to Sell Product/Service				
Family tradition	6	18	18	42
Demand for it	12	24	19	55
Got funding	1	5	13	19
People like it	2	0	3	5
Good source of supply	6	3	19	28
Very Good at it	1	1	2	4
Source of Funding				
Commercial Bank	1	2	5	8
Building Society	1	1	7	9
Family/Friends	12	10	13	25
Partner/Spouse	4	6	15	25
Personal Savings	21	45	47	113
Gross Income Range (monthly)				
Under \$30,000	26	36	39	101
\$30,001 - \$50,000	9	14	29	52
\$50,001 - \$70,000	2	6	12	20
\$70,001 - \$ 90,000	2	3	4	9
\$90,001 - \$ 110,000	0	4	3	7
Over \$110,000	0	1	2	9

**Table 3**

**Principal rotated component Analysis of the Motivation factors.** Current factor structure:  
1= Independence/Autonomy, 2 =Intrinsic, 3=Family security.

Statements/Items	Factors			Communality
	1 (29.4)*	2 (14.0)*	3 (7.9)*	
A01 Past experience and training		.66		.44
A02 Recognition and status		.77		.61
A03 Growth and achievement		.46		.46
A04 Challenges business operation brings		.60		.46
A05 Wanting to prove I can do it		.68		.51
A06 The provision of jobs for my family			.71	.55
A07 To build a business to pass on to my children			.47	.36
A08 Dissatisfaction with my current job/ Career			.68	.48
A09 To be closer to my family			.43	.36
A10 To maintain my personal freedom	.62			.41
A11 To be my own boss & control my own destiny	.78			.65
A12 To create a job for my self	.79			.62
A13 To gain personal security	.80			.64
A14 To acquire personal wealth & build Equity for retirement	.60			.53
A15 To increase my income opportunities	.71			.65
Sums of squares (Eigenvalues)	4.4	2.1	1.1	

\*Numbers in parentheses are percentages of variance explained (after rotation). Cumulative percentage is 51.44.

**TABLE 4**  
**PRINCIPAL ROTATED COMPONENT ANALYSIS OF THE SUCCESS FACTORS. CURRENT FACTOR**  
**STRUCTURE:**

Factor 1=Behavioral & growth, Factor 2= Education/training, Factor 3= Support/Environmental, Factor 4= External, Factor 5=Experience

Statements/Items	Factors					Comm.
	1 (16.5)*	2 (11.5)*	3 (10.2)*	4 (8.3)*	5 (6.5)*	
B01 Good planning and budgeting skill	.55					.56
B02 Works hard	.79					.66
B03 Practices good business ethics	.62					.50
B04 Has good decision making skills					.53	.53
B05 Takes risks	.57					.35
B06 Has the ability to manage staff				.60		.51
B07 Has the ability to maintain accurate records	.55					.59
B08 Has good customer service skills	.51					.39
B09 Is an information seeker		.75				.73
B10 Seeks to gain more business experience	.77				.71	.81
B11 Seeks to learn form seminars & workshops		.85				.70
B12 Participating in training relating to his/her business		.78				.70
B13 Learns from Knowledgeable business people					.44	.52
B14 Has previous business experience			.53			.47
B15 Learns form previous mistakes					.56	.49
B16 Increases the number of his/her employees overtime					.61	.41
B17 Increases his/her sales overtime	.49					.47
B18 Seeks new markets/customers	.78					.64
B19 Has good marketing or sales Promotion skills	.48					.46
B20 Sells quality goods or services at at competitive prices	.60					.52
B21 Has access to capital or finance			.63			.48
B22 Has satisfactory government support			.76			.60
B23 Participates in community activities			.51			.50
B24 Has financial support of family and friends			.71			.57
B25 Has emotional support of family and friends			.45			.46
B26 Has good business location			.40			.51
B27 Has political affiliation				.52		.42
B28 Encounters less bureaucracy (red tape)			.53		.47	.44
B29 Has adequate access to resources				.61		.44
Sums of Squares (Eigenvalues)	7.4	2.5	2.0	1.8	1.5	

\*Numbers in parentheses are percentages of variance explained (after rotation). Cumulative percentage is 53.2. Values  $\leq .30$  have been omitted for purpose of clarity.

**TABLE 5**  
**PRINCIPAL ROTATED COMPONENT ANALYSIS OF THE PROBLEM FACTORS.**

Current factor structure of the study: Factor 1= Training/resources, Factor 2= Economical, Factor 3=Security, Factor 4= Government regulations.

Statements/Items	Factors				Communality
	1 (19.6)*	2 (11.8)*	3 (11.7)*	4 (10.0)*	
C01 Lack of management training	.85				.77
C02 Lack of marketing/sales skills	.81				.73
C03 Inability to maintain accounting Records	.82				.69
C04 Complicated business registration	.54				.45
C05 Lack of adequate finance/capital		.56			.39
C06 Lack of network/contact	.55				.44
C07 Unreliable employees	.59				.45
C08 Poor infrastructure		.40			.31
C09 Difficulty obtaining raw materials	.48				.39
C10 Difficulty obtaining equipment and Spare parts	.55				.67
C11 Difficulty clearing goods through customs			.70		.64
C12 Too much competition		.44			.31
C13 Too much government regulation				.77	.67
C14 Limited parking				.63	.42
C15 Poor business location	.35				.39
C16 Crime and violence			.58		.52
C17 Weak economy		.79			.64
C18 Low sales volume		.73			.56
C19 Inadequate safety & security measures in place			.74		.61
C20 Larceny(theft)			.75		.62
Sums of squares (Eigenvalues)	5.6	2.2	1.4	1.3	

\*Numbers in parentheses are percentages of variance explained (after rotation). Cumulative percentage is 53.2.